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**THE NATIONAL HOCKEY LEAGUE  
IN CANADA**

OCTOBER 1999



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October 18, 1999

The Hon. John Manley, P.C., M.P.  
Ottawa South (Ont.), Minister, Industry  
Canada  
House of Commons  
Room 607, Confederation Building  
Ottawa ON K1A 0A6

Dear Mr. Manley:

It is with pleasure that I submit to you our report on the initiatives we have undertaken with respect to the question of the financial viability of the six remaining National Hockey League teams in Canada.

As you will recall, the mandate of the Public Policy Forum was to facilitate discussions among the different stakeholders in Canadian NHL hockey, and to determine the level of commitment among the stakeholders to a shared solution for maintaining a strong NHL presence in Canada.

Over the summer of 1999, the Public Policy Forum undertook two consultations with the stakeholder group. First, an all-stakeholder roundtable was held on June 28<sup>th</sup> to determine the commitment of the different parties to a shared solution, and to raise possible options for such a solution. Second, the Public Policy Forum undertook a set of bilateral discussions with stakeholders to sustain the dialogue between and among them and to challenge them to provide new ideas as to how a shared solution may be developed.

This report encapsulates the results of over 50 bilateral and multilateral consultations with the stakeholders and outlines the views of each on their possible role in a shared solution. We trust that the information provided herein will help the federal government determine its own role in such a shared solution.

Sincerely,

David Zussman  
President





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# THE NATIONAL HOCKEY LEAGUE IN CANADA – EXECUTIVE SUMMARY

## Context

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This document presents the outcomes of consultations undertaken by the Public Policy Forum with stakeholders interested in the future of National Hockey League (NHL) teams in Canada. Stakeholders in the public sector included representatives from Industry Canada, from the governments of each of the provinces in which NHL teams currently play (Quebec, Ontario, Alberta, British Columbia), and from the relevant municipal governments (Montreal, Kanata/Regional Municipality of Ottawa-Carleton, Toronto, Calgary, Edmonton, Vancouver). Other stakeholders include the teams themselves (Montreal Canadiens, Ottawa Senators, Toronto Maple Leafs, Calgary Flames, Edmonton Oilers, Vancouver Canucks), the National Hockey League administration, and the National Hockey League Players' Association (NHLPA).

The Public Policy Forum was retained by the Department of Industry Canada in June, 1999, in response to a call from Canadian NHL teams to the Hon. John Manley, Minister of Industry Canada, concerning assistance in ensuring their future economic viability. The Public Policy Forum is a national, non-partisan, not-for-profit organization aimed at improving the quality of government in Canada through better dialogue between government, the private sector and the third sector. As such, the role of the Public Policy Forum was to ensure that an informed dialogue between all interested parties was created and sustained throughout the process, with the hope that an agreement for a shared solution could be found among the stakeholders.

It was decided at the beginning of the process that consultations should begin in the form of a roundtable on June 28<sup>th</sup>, which represented the first time that the entire group of stakeholders met to discuss the issue. During the roundtable, the participants identified and discussed a variety of options which might help improve the financial situation of the Canadian NHL teams. At the end of the roundtable discussions, support was generally expressed for further exploration of the concept of a *shared solution* by all stakeholders. It was recommended that consultations continue in the form of bilateral discussions between the Public Policy Forum and the individual stakeholders. The results of these bilateral discussions were to be then brought back to a second roundtable for discussion and agreement on steps towards implementation.

Between July and September 1999, the Public Policy Forum undertook the second stage of the process. This consisted of bilateral consultations between representatives of the Public Policy Forum and the individual stakeholders. During these sessions, stakeholders were probed to determine how they viewed the various options discussed at the June 28<sup>th</sup> roundtable, to identify other potential options they believed might also contribute, and how their specific jurisdiction might be able to contribute to a shared solution. The Forum representatives also sought to gain a greater understanding of the pressures facing stakeholders in the different jurisdictions. By mid-September, 1999, the Public Policy Forum had held consultations with representatives from all but one of the stakeholders, the City of Montreal.



Subsequently, two of the stakeholders – the Government of Ontario and the federal government – exchanged letters on possible roles each could play in the shared solution. On the one hand, the Government of Ontario expressed concern about sports lotteries as part of the solution, and proposed that the NHL hockey teams in Ontario could be supported through possible tax relief options. On the other hand, the federal government proposed that new sports lotteries directly related to Canadian NHL hockey could be a viable option. In addition, the Region of Ottawa-Carleton also wrote to the Government of Ontario in support of the tax relief option.

### *Observations on the Results of the Consultations*

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The intent underlying the bilateral consultations was to explore whether concerted efforts by the different stakeholders to address the current situation would be possible, and to determine the feasibility of a *shared solution*. Using this approach, a *shared solution* would entail a direct contribution by all of the stakeholders in helping all of the Canadian teams overcome their current financial challenges. While this concept does not explicitly require equal burden-sharing by each of the stakeholders, it would require that each of the major stakeholders agree to provide fair and substantial support to ensuring a future for NHL teams in Canada.

To date, each of the stakeholders consulted has provided a response to the Public Policy Forum on what it sees as its role or contribution in a possible shared solution. An analysis of the consultations demonstrates that there are four categories of responses:

1. The stakeholder in question recognizes the problem, but believes that the solution is in the hands of other stakeholders.
  - This was the response provided by the Government of British Columbia, by the Cities of Toronto and Vancouver, and by the NHLPA.
2. The stakeholder in question believes that it has contributed its fair share, and will continue to do so, but is not in a position to offer any additional direct contributions.
  - This was the response provided by the Government of Alberta, the cities of Edmonton and Calgary, and the National Hockey League.
3. The stakeholder in question believes that this problem warrants action, and will make a contribution to its resolution provided all stakeholders contribute to a solution.
  - This was the response provided by the federal government, the Government of Ontario, the city of Kanata and the Regional Municipality of Ottawa-Carleton.
4. The stakeholder in question does not wish to participate in a shared solution, but may choose to act on its own.
  - This was the response provided by the Government of Quebec.





At this stage, the Public Policy Forum believes that the elements required for a *shared solution* consisting of contributions from all the major stakeholders that would ensure the future economic viability of all six existing Canadian teams cannot be forged from the current contributions. Discussions and agreement on this *shared solution* was to be the basis for a second stakeholder meeting. Given the diversity of responses of major stakeholders in the bilateral consultations, as outlined above, the Public Policy Forum does not see the utility of holding a second stakeholder roundtable.



# THE NATIONAL HOCKEY LEAGUE IN CANADA –

## REPORT ON THE CONSULTATION PROCESS

### *Overview*

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The following pages provide more detailed information on the results of the two-stage consultation process undertaken by the Public Policy Forum to facilitate the search for a stakeholder-generated solution to the financial difficulties facing the National Hockey League teams in Canada. It consists of three sections.

The first section provides a report on the results of the first stage of the consultation, the all-stakeholder roundtable that was held in Toronto on the 28<sup>th</sup> of June, 1999.

The second section highlights the outcomes of bilateral consultations held between the Public Policy Forum and the different stakeholders over the months of July to September, 1999.

The third section details the Public Policy Forum's observations, based on the results of the two stages of this consultation process.

Appendix I contains the discussion document distributed by the Public Policy Forum to participants prior to the June 28<sup>th</sup> roundtable.

Appendix II consists of a list of stakeholders who participated in the roundtable.

Appendix III includes copies of various documents exchanged by some of the stakeholders during the period of bi-lateral and multi-lateral consultations.



### *Introduction*

On June 28, 1999, the Public Policy Forum held a roundtable at the initiative of the Hon. John Manley, Minister of Industry Canada, to discuss the future of National Hockey League (NHL) teams in Canada. In attendance were representatives of the federal government, the governments of the four provinces in which NHL teams are currently located (Québec, Ontario, Alberta, British Columbia), the municipal governments representing jurisdictions in which these teams play (Montreal, Kanata/Regional Municipality of Ottawa-Carleton, Toronto, Calgary, Edmonton, Vancouver), the six Canadian teams (Montreal Canadiens, Toronto Maple Leafs, Ottawa Senators, Calgary Flames, Edmonton Oilers, Vancouver Canucks), the NHL Players' Association (NHLPA) and the NHL.

The roundtable was chaired by Mr. David Johnston, President of the University of Waterloo; all discussions were held *in camera*. The roundtable began at 9:35 a.m., and concluded at 3:50 p.m. Following the roundtable, a press conference was held in an adjoining room, led by Mr. Johnston; a number of stakeholder representatives also took part in the press conference.

Prior to the roundtable, participants received a package of documents intended to help inform the dialogue during the meeting. This package contained logistical information on the meeting, a discussion paper prepared by the Public Policy Forum, as well as a set of submissions from a number of stakeholders. Briefs were submitted by the City of Kanata, the Montreal Canadiens, the Vancouver Canucks/Orca Bay Entertainment, the Edmonton Oilers and the Ottawa Senators.

This roundtable marked the first time that all of the key stakeholders of NHL teams in Canada have met to discuss the issue. The intent of the meeting was not to achieve immediate solutions to the current situation, but rather to establish and discuss the parameters of the situation, and to develop plans for collaborative next steps.

The roundtable was structured in two parts. First, participants were asked to make introductory statements to outline their views on the business environment in which Canadian NHL teams operate, the importance of NHL teams to the Canadian economy, and the role of professional hockey in Canadian culture and identity. Second, participants were invited to identify and discuss possible solutions that might ensure the future viability of NHL teams in Canada.

This document outlines the general themes that emerged during the course of the roundtable, and includes a list of options offered by participants for further discussion over the coming months.





## Section I – General Themes

Mr. Johnston invited participants to make introductory remarks and to share with the group their perspectives on the current situation facing NHL hockey in Canada.

The introductory statements demonstrated a commonality of purpose around the prevailing view that hockey has a special role in Canadian life. However, they also recognized that the viability of the NHL in Canada rests on a complicated and intricate set of issues that impact on both the government and business representatives among the stakeholders. Three general themes emerged during this portion of the roundtable:

### 1. **Impact of Hockey:** Participants noted that hockey plays a significant role in Canadian society.

- (a) **Historical and Cultural Significance:** Participants from all perspectives noted the prominent role that hockey – and professional hockey – has played in the history of Canada. As noted in one introductory statement, all of those at the table were likely to remember where they were and what they were doing when Paul Henderson scored the winning goal in the final game of the Canada-USSR tournament in 1972.

As a corollary to the notion that “hockey is embedded in the Canadian psyche,” participants were also quick to point out that *Canada* is also embedded in the psyche of the NHL. This is demonstrated in part by the fact that close to two-thirds of NHL players in the league today are of Canadian origin, in spite of the large proportion of teams that are based in the United States. As well, the fan base for Canadian teams is close to equal with those of American teams, despite the vast differences in population size.

- (b) **Community Impact:** The impact of professional hockey on the communities in which NHL teams play is difficult to measure. On the one hand, the teams contribute to local initiatives, such as youth programs and sports camps, and many play a prominent role in attracting donations to various social causes. On the other hand, a number of participants voiced concern that the impact of the NHL on quality of life in Canada at times tends to be amplified by the prominence of the league in the media: while the league and owners are quick to underscore the number of community programs in which the teams and players are involved, the media often overstate the contributions the teams make to youth programs and other community based initiatives.

A participant also stated that if “[government] tried to subsidize NHL teams, [it] would have a multitude of interest groups knocking on its doors.” Further study of the actual impact of the teams on the communities in which they operate was suggested, as a precursor to any sort of shared solution and stakeholder cooperation.

- (c) **Economic Significance:** Participants noted that there exist a number of benefits derived from the presence of NHL teams present in Canada. The key benefits noted at the roundtable, and raised in stakeholder submissions, include:



- (i) **Employment:** Approximately 11,000 Canadians are employed in full and part time positions – either directly or indirectly – as a result of NHL teams.
- (ii) **Local Investment:** Municipalities benefit from the investment of NHL teams; it was noted, for example, that the six Canadian teams have generated approximately \$1 billion in infrastructure investment over the last decade.
- (iii) **Public Revenues:** It is estimated that the activities of the six NHL teams generate over \$200 million annually in taxes paid to or collected on behalf of different levels of government, e.g. income, property and entertainment taxes.
- (iv) **Other Impacts:** A number of municipal representatives noted that the impact of a team on the reputation – both national and international – of cities is substantial, and that teams can be seen to provide a degree of international prestige to their home towns.

2. **Multifaceted Challenge:** Although five of the six Canadian NHL teams are operating at what the league has deemed “untenable” financial levels, it is very clear from the discussions that the situation is the result of a combination of forces, rather than one monolithic problem. The nature of the challenges facing Canadian teams means that no single solution will overcome the challenges facing Canadian teams over the long term.

The fact that these organizations operate in a multi-jurisdictional environment further increases the challenge for developing a shared national solution. For the most part, the survival of Canadian teams will depend in part on a “leveling of the playing field – or rink,” between them and their American counterparts, in the form of a shared and adaptable solution. There will also need to be a variety of approaches used in implementing solutions to address the situation over the short, medium and long terms.

Below is a list of some of the main tensions affecting the economic viability of the Canadian teams, as outlined during introductory remarks.

- (a) **Infrastructure Costs:** Four of the six Canadian teams have privately funded the development of new arenas in the last decade. At the same time, most of their American counterparts enjoy what Canadian owners claim is an “unfair advantage,” since infrastructure such as arenas is heavily subsidized with public funds in many of the venues.
- (b) **Currency Imbalance of Revenues and Expenses:** The relative weakness of the Canadian dollar places teams at a competitive weakness of approximately 35 % *vis-à-vis* their U.S. counterparts. This is due particularly to the fact that team revenues are mostly in Canadian dollars while player salaries are paid in U.S. funds. Professional hockey is one of relatively few major businesses in Canada, along with professional baseball and basketball, that must pay most of its expenses in American dollars while deriving most of its income in Canadian ones. The consequence has been that the recent significant decline in our exchange rate has been very damaging financially for the six Canadian hockey teams.
- (c) **Municipal and State/Provincial Taxation:** Taxation represents a substantial proportion of team expenditures. The participants noted that the amount of property and capital taxes



paid by all 21 American teams combined adds up to approximately one-quarter of the same paid by the six Canadian teams.

Not all Canadian teams experience the many different factors involved to the same extent. The result is that the threat to economic viability varies substantially from province to province, and from team to team. For instance, it was noted that teams in Ontario and Québec must shoulder tax burdens that are considerably higher than those in Alberta, and the cost of arena rental and upkeep varies from city to city.

3. **Public Perceptions:** Participants representing all stakeholders were quick to note the political volatility of this issue, but from two different perspectives. On the one hand, the connotation that this issue could potentially involve “handouts to millionaire players and owners” remains one of the greatest challenges facing government participation in the development of a shared solution. Ensuring that the full extent of the issue is addressed will involve two very basic elements:
  - (a) **Open Communication:** As noted by a number of participants, it is of the utmost importance that the parties freely and regularly share all information related to the problem. This type of information ranges from financial statements to the outcomes of meetings that take place in future on the subject between and among the different stakeholders.
  - (b) **Continued Consultation:** The complexity of the issue will clearly require further consultation between the stakeholders, both bilaterally and multilaterally, and possibly a future roundtable such as the one that took place on the 28<sup>th</sup> of June. Regular status reports need also to be shared with the stakeholders, to ensure that each attends future consultations armed with the same information, and is properly represented.

On the other hand, it was pointed out during the meeting that the departure of two or more NHL teams from Canada over the next few years could possibly present an even more troubling scenario. Strong agreement was therefore voiced at the table on two key points:

- (a) **Shared Solution:** The volatile nature of this issue means that a solution needs to involve input from all stakeholders, and the roles and responsibilities of each of the stakeholders should be made clear to the public from the outset.
- (b) **Communication:** It will be of utmost importance that future communications on solutions that might be adopted clearly demonstrate that each party has cooperated in its development, and each has “given and taken” in order to keep the NHL teams in Canada.

## *Section II – Some Current Initiatives*

Participants shared with the group two programs that have been implemented in Canada and in the hockey community that are aimed at ensuring the future viability of some of the smaller market teams in this country.





- **Location Agreements:** In addition to a number of tax exemptions afforded to two of the six Canadian teams, the City of Edmonton maintains a location agreement with its team, the Oilers. This is intended to ensure that, while the city will contribute a set amount toward the operation of the team and building maintenance, the beneficiary team has signed an agreement that it will not leave the city over the same period. The Oilers and the City of Edmonton are also bound to contract re-negotiations prior to the end of the agreement, with the aim of achieving a further deal.
- **League-Based Plans:** The NHL has implemented two programs to help smaller-market teams offset some of the business challenges that face them. First, the Supplemental Currency Assistance Plan addresses the more severe effects of the currency exchange rate between the American and Canadian currencies. This plan, to which all NHL teams contribute, is designed to provide support to the small-market Canadian teams in the form of a currency top-up, particularly when player transactions occur; it is estimated that the value of this plan currently stands at slightly over US\$7.5-million. Second, the Group II Equalization Plan has been implemented in one instance in recent years to help share the burden faced by small market teams. Teams must provide evidence of sound financial administration prior to becoming eligible for these programs, and are not eligible once their revenues reach the top percentiles of team revenues league-wide. At present, it is estimated that the combined plans have provided support to four of the six Canadian teams on the order of CAN\$12.7 million *per annum*.

### *Section III – Options*

During the remainder of the roundtable, participants contributed ideas for options that could help the six teams remain financially viable in Canada, and competitive in the NHL. This section documents each of these with the intention of sustaining the discussion between the different stakeholders, and with an eye to developing a shared solution for the short and long terms.

- **International Trade Dialogue:** In light of the fact that the NHL teams face their greatest competition – both on and off the ice – from American teams, it was suggested that the federal government initiate discussions with its American counterpart to address what many noted to be an unfair trading advantage among American teams. It was recommended that these discussions centre on ensuring “an equal playing field,” given that a number of U.S. teams enjoy such advantages as state or local government subsidies for infrastructure and tax exemptions, both of which are prohibited for most other NAFTA industries.

This would entail investigation to determine the impact of viewing professional hockey as a separate industry in Canada, and a review of the federal trade framework within which it operates. A number of precedents exist for support of industries in Canada, providing the opportunity for useful comparisons to be made. For instance, participants at the roundtable drew comparisons between the film industry and professional sports in Canada, and the fact that the film industry receives considerable support from public sector initiatives. Although some recent protests by American film companies have taken place, there are some interesting cross-border parallels between the film industry and professional hockey in Canada.



- **Taxation:** It was noted that a high amount of the tax burden for many of the Canadian teams is due to provincial and municipal taxation. This includes tax on infrastructure, real estate, and, in Ontario, the entertainment tax that is levied due to the international component of the NHL. A comparison was drawn between the NHL and other Canadian industries, such as film-making, wherein foreign film companies and actors receive substantial tax incentives to produce motion pictures in Canada.

Participants suggested that a review of provincial taxation could be undertaken to determine ways to reduce this burden. It was also suggested that a study of municipal taxes be initiated to explore potential areas for reduction. Participants noted, however, that municipalities need to abide by provincial regulations on taxation, and would therefore be more constrained in their ability to alter the taxation framework facing professional sports organizations. This aspect of municipal taxation might also be studied.

- **Sports Lotteries:** Building on the conclusions of the Sub-Committee on the Study of Sport in Canada, entitled “Sport in Canada: Leadership, Partnership and Accountability,” a number of participants recommended that steps be taken to re-allocate a portion of the revenues generated by sports lotteries in the provinces. It was noted that lottery proceeds on NHL games generate up to \$55 million annual net revenue for all provinces with sports lotteries, but no benefit is gained by the league or the teams. A number of participants recommended that, by involving the league and the teams through branding and other marketing initiatives, greater revenues might be generated, and a proportion of the proceeds could be devoted to revenue enhancement for NHL teams.

It should be noted that the regulatory framework for sports lotteries would need to be studied in order to explore further options for joint ventures and the re-allocation of lottery revenues.

- **Copyright and Intellectual Property Laws:** Canadian copyright laws on intellectual property do not apply to the situation of NHL teams and sports lotteries. It was noted by one participant that the teams do not have legal recourse for achieving a re-allocation of sports lotteries funds, or for ensuring that royalties are paid to them as a result of gambling on NHL games. It was stated that the NHL has, in the past, examined the law to determine whether a case could be made against the provinces, but it was determined impossible at an early stage. As a possible option to improving the business climate facing NHL teams in Canada, therefore, it was suggested that the current legal framework be revisited, with an eye to determining if adjustments could be made to accommodate sports events under intellectual property laws.
- **Sports Collaboration Mechanism:** It was recommended that an arm’s length government mechanism be instituted that would help stakeholders, including various levels of government, private sector organizations and others, create partnerships to support the development of professional and amateur sports in Canada. This mirrors a recommendation of the report on *Sport in Canada*, that calls for such a mechanism to be responsible for government sports programming, to be able to leverage private sector involvement in partnerships with the public sector, and to “be responsive to government’s wider social



priorities and be accountable for the provision of public funds.” One participant noted that Telefilm Canada represents one example upon which to model such a mechanism. Such an initiative might also help ensure that any solutions for improving the business climate for professional sports are responsive to local needs and parameters.

- **Television Rights:** The possibility of an all-hockey television network in Canada, to “expand electronically” game attendance and to increase the advertising revenue for Canadian NHL teams, was raised by a participant as a possible option. It must be recognized that an application for such a network was made to the Canadian Radio-Television and Telecommunications Commission (CRTC) earlier this decade, but that it was refused. At the same time, a number of long-term broadcast rights agreements for hockey games have been signed between the NHL and various Canadian and American television networks; any new network would have to take these into consideration. It was recommended, however, that this option remain open, and that further study be undertaken on the feasibility of creating such a network as broadcast agreements expire or come up for renewal in future.
- **League-Based Programs:** Strong interest in the programs implemented by the NHL to assist small-market and Canadian teams was expressed at the roundtable, particularly in light of the fact that they take into consideration the challenge caused by the currency exchange rate. Given the relative success of these programs, and the success of revenue sharing plans in place in other professional leagues, it was suggested that further study be undertaken to determine options for expanding them.
- **Commemorative Memorabilia:** According to one participant, there remains an untapped source of revenue in the form of commemorative memorabilia, such as coins and stamps, that could be issued on a regular basis and sold in both Canada and abroad. It was suggested that the regulatory framework of Canada Post and the Canadian Mint be studied to determine whether this is a feasible option, and what sort of royalty agreement this would require from the players, the teams, and the NHLPA.
- **Regular Stakeholder Meetings:** It was strongly suggested that the means for ensuring ongoing dialogue between the stakeholders be established at an early date. In addition to proposing another stakeholder meeting in the coming months, two additional suggestions were offered by participants:

First, a standing committee might be created consisting of representatives from each stakeholder, to ensure that the dialogue that was initiated on June 28<sup>th</sup> is sustained over the long-term. The intent of this committee would be to share information on developments in the business climate facing Canadian hockey, as well as to maintain an ongoing forum for feedback on different solutions to the current situation.

Second, a series of bilateral meetings might be facilitated between the teams and the various levels of government, to ensure that any shared solution be able to accommodate the different parameters in the business climate facing each team. It was noted, for instance, that the problems facing the Ontario teams are rather different from those facing the Alberta teams, and such bilateral discussions would be well suited to addressing these differences.





As noted above, this brief list represents a summary of the options discussed at the roundtable. It does not, for the most part, ascribe roles for different stakeholders within each option. Rather, it was intended to provide basic guidance for further discussion between the different stakeholders, and for establishing a baseline for the development of shared solutions.

### *Results of the June 28<sup>th</sup> roundtable*

At the end of the June 28<sup>th</sup> roundtable, the participants agreed that further exploration was needed to ascertain whether concerted efforts by the different stakeholders to address the current situation would be possible, and to determine the feasibility of a shared solution involving all the stakeholders.

It was recommended that the Public Policy Forum undertake this task by sustaining the dialogue between and among the stakeholders in the form of bilateral consultations. The Public Policy Forum was also asked to challenge the different stakeholders to provide new ideas as to how a shared solution may be developed.

Participants also agreed that a second stakeholder roundtable should take place following the round of bilateral consultations, for discussion and agreement on steps toward the implementation of a shared solution.



## ***Bilateral and Multilateral Consultations***

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This section documents the outcomes of the bilateral consultations undertaken by the Public Policy Forum during the months of July and August 1999. The results of consultations are provided in three sections. First, the comments provided by individual stakeholders are classified into three groups: provincial governments, municipal governments, and the league and player representatives. Second, general feedback on the list of options developed during the June 28<sup>th</sup> roundtable is also provided. Third, some additional comments and issues that emerged during the period of consultations are reviewed.

### ***Section 1 – Stakeholder Consultations***

#### **(a) Federal Government**

The following reflects the proposals for a shared solution by the federal government.

- The federal government proposed that new provincial sports lotteries be established, and declared itself willing to consider directing all federal revenue shares from these lotteries towards the Canadian NHL teams. (See letter from the Hon. John Manley to the Hon. Ernie Eves, Appendix III. See also the discussion on lotteries on page 18.)
- The federal government also stated that since the CRTC is an independent, quasi-judicial agency, the government (and Industry Canada in particular), was not in a position to know whether an application for an NHL specialty channel network would be accepted. However, the NHL was encouraged to pursue this option.
- The federal government also re-iterated its position that federal government participation required that all stakeholders should contribute significantly to a shared solution, including the NHL and the NHLPA.

#### **(b) Provincial Governments**

The Public Policy Forum has undertaken consultations with the four stakeholder provincial governments. This section summarizes their comments.

##### **British Columbia**

- Although the provincial government would like the Canucks to remain in Vancouver, it would be very difficult for the politicians to publicly support funding professional hockey, either directly or through special tax concessions – particularly because of public perceptions of “overpaid players”.
- The government would also be reluctant to divert sport lottery money already being distributed elsewhere.



- The government believes the team will remain as long as the owners earn money with GM Place, and place the onus on the NHL and the player's association to take significant steps towards solving the problem.
- The Government of British Columbia suggested that the federal government needs to make a significant reduction in taxes, in order to lessen the burden on the Canadian teams.

### Alberta

- The Government of Alberta is uncomfortable with the idea of participating in a shared solution, stating, first, that it has reduced provincial taxes on the teams to their lowest possible level, and second, that both of the Alberta-based teams are well run, and that it is the league and the federal government that need to take action.
- The general position of the Government of Alberta, one that reflects its experience with a recent series of high-profile business failures, is that the government is not in the business of running businesses. The government sees NHL hockey as a business and believes the business community should be left to run its own affairs.
- Player salaries are seen as the most significant aspect of the problem facing the Canadian NHL teams.
- The government would be interested in seeing what the league is doing to reduce its costs, noting that even a low-cost team like the Oilers did relatively well last year. It was also suggested that the average Canadian fan is likely prepared to support a competitive, even if low-cost, product on the ice, that is to say, a team that does not include highly-paid superstars.

### Quebec

- The position of the Government of Quebec is that the situation facing the NHL teams is different from province to province, and as a result it is developing its own file on the situation facing the Montreal Canadiens. It plans to undertake consultations with the city of Montreal and the team during the late summer and fall of this year, to determine if a solution can be worked out by the province.
- The Government of Quebec plans to focus its efforts on helping the Montreal Canadiens, in cooperation with the city of Montreal and the team itself. It also senses that it has the luxury of time to develop a file on the subject. This is due in part to the fact that, in spite of the pressure being placed on governments for financial support by out-of-province clubs, the Montreal Canadiens are not in immediate danger of leaving Quebec.
- The Government of Quebec is reluctant to consider re-allocating sports lotteries revenues to a shared solution, due in part to the fact that the return on investment for sports lotteries is already substantially lower than for other forms of lotteries.





- It was noted that escalating player salaries make a public contribution to a solution a difficult topic, and that the government hoped that efforts would be taken to curb the explosion in salaries.

### Ontario

- The Government of Ontario stated that any solution to which it would contribute would need to be a shared solution, involving a direct contribution from all stakeholders. (See letter from the Hon. Ernie Eves to the Hon. John Manley, Appendix III.)
- The province does not agree with the idea of allocating provincial sports lottery revenues toward a shared solution, stating that it currently forwards a substantial amount of these revenues to the federal government, and that additional allocation would not be feasible. In addition, the Government of Ontario fears that new sports lotteries whose proceeds would be directed in part or as a whole to Canadian NHL hockey teams would erode lottery revenues currently going to not-for-profit organizations.
- The Government of Ontario has stated that it is willing to consider possible property tax relief for professional sporting facilities, but that this would require the participation and support by the municipalities in question.
- It was suggested that the federal government revisit the CRTC's decision not to allow the establishment of an NHL specialty channel network.

### **(c) Municipal Governments**

The Public Policy Forum has consulted with five of the six municipal stakeholders involved. This section provides an overview of those consultations.

#### Vancouver

- The City of Vancouver wants the Canucks to remain in Vancouver. However, they are reluctant to burden other businesses with extra taxes in order to reduce taxes to the team.

#### Calgary

- The City of Calgary is keen on keeping the team and is already helping the team by forgiving property taxes.

#### Edmonton

- The City of Edmonton is keen on keeping the team and is already helping the team by forgiving property taxes and by contributing some \$10M to renovating the Edmonton Skyreach Center.



#### Additional Note for Calgary and Edmonton

- The cities of Edmonton and Calgary have retained a consultant to look into the possibility of putting together a local sport lottery in the form of bonds which will raise funds to help cover capital costs for all three professional sports teams in each city (hockey, baseball, football).

#### Toronto

- The City of Toronto does not feel it has anything to contribute since the Maple Leafs are financially viable.
- They also do not support allowing cities to make special tax concessions since Toronto is at an advantage with the current tax structure.

#### Kanata/Regional Municipality of Ottawa-Carleton

- The City of Kanata and the Regional Municipality of Ottawa-Carleton support the Corel Centre's bid to be re-assessed for property taxes, even though this will reduce tax revenues for both levels of government. (See letter from Mr. Bob Chiarelli to the Hon. Ernie Eves, Appendix III.)

#### City of Montreal

- In spite of interest among the city administration, the Public Policy Forum was unable to hold bilateral consultations with the City of Montreal, due primarily to scheduling conflicts.

#### **(d) League and Players**

The Public Policy Forum has undertaken consultations with representatives from the National Hockey League, as well as preliminary discussions with the National Hockey League Players' Association (NHLPA).

#### National Hockey League

- The NHL has proposed to extend two of its current programs, the Group II Equalization Plan and the Supplemental Currency Assistance Plan, through to the end of the current collective bargaining agreement (2004). League representatives have noted that the NHL is not in a position to expand the existing programs. (See "Professional Hockey in Canada: NHL Self-help Initiatives and Proposed Stakeholder Contributions", Appendix III.)
- The league will continue ongoing efforts to support the Canadian teams through television rights allocation, and a league-wide resolve to control player costs.
- The National Hockey League has suggested that if its logos and symbols were to be used to generate additional revenues from sports lotteries, it would agree to share on a 50-50 basis the incremental revenues generated in each of the provinces. This would mean that, if a marketing program for current lotteries could generate additional lottery revenues, that the NHL would share half of this increment with amateur sports programs and other community-based programs in Canada. As well, the League would work to ensure that the rights to the

revenues collected would be shared among the six Canadian teams, requiring the agreement of the group of American teams.

- In the event of a shared solution, the league will approach its teams to commit to remaining in Canada through to the end of the current collective bargaining agreement. As well, it has acknowledged that the terms of a solution would need to be shared equally among the six Canadian teams.

### NHLPA

- Preliminary discussions, and the representation of the NHLPA at the June 28<sup>th</sup> roundtable, have demonstrated that the NHLPA is supportive of the concept of a shared solution. It was stated at this time that the Canadian players in the league are also interested in ensuring the future viability of the NHL in Canada.
- The NHLPA noted that recognition of the NHL as a unique North American industry is an important step in understanding the parameters of the issue.

## *Section 2 – Discussion of Options*

The Public Policy Forum has received feedback on the options discussed at the June 28<sup>th</sup> roundtable for improving the financial situation of the Canadian NHL teams. This section provides an overview of the feedback provided by stakeholders on each of the options, with, in some cases, additional information on parameters affecting the use of these options.

### **1. Trade Dialogue:**

- Although none of the stakeholders consulted to date believe they have any role in international trade dialogue, it has been recommended by many of the stakeholders that such discussions take place with the United States, especially in light of the very different situation of government support for professional sport in the United States.

### **2. Taxation:**

- **Ontario:** Some support has been expressed for review of the tax structure for sports arenas. The possibility of creating a special tax status for arenas that would help lower the amount paid has been discussed. It has been suggested that the special tax status conferred upon the Brampton Battalion, a new Ontario Hockey League team, be studied as a possible model.
- **Other Municipal Taxes:** Little support has been voiced for change to municipal taxes outside of Ontario. At present, the cities of Calgary and Edmonton do not levy what their teams consider to be inordinately high taxes, and the City of Vancouver is reluctant to consider reducing municipal property taxes for the Canucks.
- **Sales Tax:** It has been noted that the impact of the Canadian Goods and Services Tax, which has helped make Canadian manufacturers more competitive since it replaces the manufacturers' tax and makes Canadian goods less expensive in foreign markets, be





studied to determine what disadvantage it causes to Canadian sports teams *vis-à-vis* their American counterparts.

- **Entertainment Tax:** Several of the parties consulted have recommended that the Government of Ontario review its basis for charging entertainment tax on NHL hockey games in Toronto and Ottawa.

### 3. Sports Lotteries:

- Gaming and betting (lotteries) is a federal jurisdiction as per section (27) of the Constitution Act, 1867. However, authority over lotteries was delegated to the provinces based on a contract between the federal and provincial governments dated June, 1985, and reflected in changes to the Criminal Code. As a result, provinces can conduct and manage lottery schemes in their province; they can also license organisations for these purposes. The lottery field is clearly in the hands of provincial authorities, pursuant to the 1985 agreement. This agreement also precludes the federal government from re-entering the lottery field and ensures that the rights of the provinces, in this regard, are not reduced or restricted.
- A number of the teams, as well as the NHL, support the sports lotteries option. Some provincial representatives, however, noted that this option is unlikely to solve the problem, since the cost of administering these lotteries is high relative to other forms of gambling. The revenues to be generated and re-allocated are therefore likely to be substantially smaller than believed by the teams.
- In addition, provincial governments are generally not supportive of re-allocating their share of sports lottery revenues. Provincial government representatives have suggested that the federal government consider allocating part of its share to the Canadian teams.
- The National Hockey League has suggested that if its logos and symbols were to be used to generate additional revenues from sports lotteries, it would agree to share on a 50-50 basis with provincial amateur sporting organizations and other community programs the incremental revenues generated in each of the provinces, and that the American teams in the league would likely be willing to relinquish their rights to such revenues in favour of their Canadian counterparts.

### 4. Television Rights:

- **Direct-to-Home:** A private, direct-to-home hockey broadcasting network could generate additional revenues in the area of regional viewing markets, while offsetting the grey-market effect of foreign satellite distributors. This would require changes to federal television regulation and rights.
- **Revenue Distribution:** All national television revenues for NHL hockey are distributed evenly among the teams in the league. It has been suggested that a small premium of the revenues generated in Canada be allocated to the Canadian teams before the remainder is sent to the NHL for wider distribution. By contrast, however, hockey television revenues in the United States are greater than those generated in Canada, and appear set to continue to rise while the Canadian market is saturated (outside of the potential offered by direct-to-home systems).

### 5. League-Based Programs



- The NHL has expressed its willingness to continue its current programs, but is not prepared to expand them. Some stakeholders have expressed the desire to see the level of the present league-based programs be increased. There is some doubt, however, that these programs will provide substantial amounts to the Canadian teams. As well., there is little faith that the NHL will consider expanding them.

## 6. Commemorative Memorabilia

- **Stamps:** Canada Post has in the past produced special stamps to raise funds, and results were discouraging. Special legislation would also be needed to allow a stamp to be produced.
- **Coins:** Of the existing options, the numismatic option, that is, collectors' coins sold to generate revenues for the NHL, is the most viable.
- The NHL has expressed concern that this option will generate only a small amount of the revenue required to address the current situation facing Canadian NHL teams.
- The NHLPA controls copyright over portrayals of *current* NHL players only.

## 7. Regular Stakeholder Meetings

- Other than the fact that the level of urgency expressed by different stakeholders differs in this situation, there was general agreement among stakeholders with the idea of the federal government facilitating regular stakeholder meetings to continue discussions on supporting the future viability of Canadian NHL teams.

## Section 3 – Other Issues

During the consultation period, a number of other issues emerged that place significant conditions on the possibility for a shared solution.

- **Multiple Challenges:** While it is the overall financial viability of the Canadian NHL teams that is at the root of the problem, the parameters of the challenges facing teams vary from jurisdiction to jurisdiction. As a result, therefore, the conditions for success – and for failure – of the process based on a solution for all six teams remain obscure.
- **Public Opinion:** Although the Public Policy Forum has not undertaken any formal polling of the public on the subject, a review of recent surveys and various public commentaries has shown that Canadians remain wary of providing public support in the form of tax dollars or other forms of direct financial contribution toward NHL teams, particularly given the escalation of player salaries in recent years.
- **League Commitment:** There exists a clear consensus among many stakeholders that, given the escalating salaries of professional hockey players, the NHL and NHLPA should contribute directly and substantially to a shared solution.
- **Sunset Clause:** It has been recommended on a number of occasions that a “sunset clause” be included in any solution, possibly to coincide with the end of the players’



Collective Bargaining Agreement in 2004, since the financial situation of the teams could change dramatically in the next 4 to 5 years.

- **Financial Reporting:** The teams should be required to demonstrate that they require financial assistance, but also that they have been financially responsible in their management activities, before any assistance is granted. This implies clear and accountable financial reporting.
- **Amateur Sport:** Several stakeholders have stated that funding to professional hockey teams should be tied to support for amateur sport to help make it more acceptable for the public.
- **Recent Developments:** Since this process began, the Vancouver Canucks administration have stated publicly that they would be willing to put the team up for sale in the coming months, with the intention of relocating before the beginning of the 2000-01 hockey season (October 2000).





## *Observations on the Results of the Consultations*

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The intent underlying the bilateral consultations was to explore whether concerted efforts by the different stakeholders to address the current situation would be possible, and to determine the feasibility of a *shared solution*. Using this approach, a *shared solution* would entail a direct contribution by all of the stakeholders in helping all of the Canadian teams overcome their current financial challenges. While this concept does not explicitly require equal burden-sharing by each of the stakeholders, it would require that each of the major stakeholders agree to provide fair and substantial support to ensuring a future for NHL teams in Canada.

To date, each of the stakeholders consulted has provided a response on what it sees as its role or contribution in a possible shared solution. An analysis of the consultations demonstrates that there are four categories of responses:

1. The stakeholder in question recognizes the problem, but believes that the solution is in the hands of other stakeholders.
  - This was the response provided by the Government of British Columbia, by the cities of Toronto and Vancouver, and by the NHLPA.
2. The stakeholder in question believes that it has contributed its fair share, and will continue to do so, but is not in a position to offer any additional direct contributions.
  - This was the response provided by the Government of Alberta, the cities of Edmonton and Calgary, and the National Hockey League.
3. The stakeholder in question believes that this problem warrants action, and will make a contribution to its resolution provided all stakeholders contribute to a solution.
  - This was the response provided by the federal government, the Government of Ontario, the City of Kanata and the Regional Municipality of Ottawa-Carleton.
4. The stakeholder in question does not wish to participate in a shared solution, but may choose to act on its own.
  - This was the response provided by the Government of Quebec.

At this stage, the Public Policy Forum believes that the elements required for a *shared solution* consisting of contributions from all the major stakeholders that would ensure the future economic viability of all six existing Canadian teams cannot be forged from the current contributions. Discussions and agreement on this *shared solution* was to be the basis for a second stakeholder meeting. Given the diversity of responses of major stakeholders in the bilateral consultations, as outlined above, the Public Policy Forum does not see the utility of holding a second stakeholder roundtable.

## APPENDIX I – DISCUSSION DOCUMENT FOR JUNE 28<sup>TH</sup> ROUNDTABLE

### THE NATIONAL HOCKEY LEAGUE IN CANADA A DISCUSSION DOCUMENT

#### 1. Introduction

There are currently six Canadian teams and 21 (increasing to 24 in the 1999-2000 season) American teams in the National Hockey League. These six Canadian teams – Montreal, Ottawa, Toronto, Edmonton, Calgary and Vancouver – have taken the position that their long-term viability in this country is in doubt unless there is substantial improvement in their financial situation.

With respect to this situation, the key question that arises is this: What considerations, if any, are unusual or distinctive enough in this case to provide a rationale for intervention by the different stakeholders?

This paper documents the parameters of the current situation facing National Hockey League teams in Canada, to help inform the debate on initiatives to ensure their long-term viability, and in particular on public sector involvement in the issue.

#### 2. The Context

For four of the Canadian NHL teams – Ottawa, Edmonton, Calgary and Vancouver – the concerns are immediate. In fact, the owner of the Ottawa Senators has publicly stated that he is losing \$7 million a year and will begin steps to sell and relocate his team to the U.S. unless there are measures by the end of this summer to improve its financial position.

A fifth team, the Montreal Canadiens, is facing what the NHL describes as “significant financial pressures” and an “unsatisfactory” position. Only the Toronto Maple Leafs are in no immediate difficulty, although the NHL states that the same factors affecting the other teams may progressively erode Toronto’s ability to compete effectively.

The NHL states that for the 1996-97 and 1997-98 seasons combined, the six Canadian teams reported combined losses before taxes – confirmed by independent audit – totaling more than \$170 million.

Even in a more “optimistic” scenario where most of the teams remain in Canada under current conditions, their financial circumstances could lead to later difficulties. Lacking the funds to attract and keep top-quality players, they may be increasingly unable to compete effectively with other teams in the league. Presenting fans with progressively weaker, losing teams, while



needing to raise ticket prices to survive, would risk reducing attendance - which in turn would reduce revenues, continuing to exacerbate the problem.

While some key factors contributing to the financial problems of the Canadian teams – most notably the escalation of player salaries – are common to all teams in the NHL, the Canadian teams have documented that their position is uniquely precarious because of a number of factors that do not apply to their U.S.-based counterparts.

### **3. Parameters**

A number of factors are at the root of the current situation.

The continuing escalation of player salaries is one significant factor in contributing to the financial difficulties of Canadian hockey teams. In the 1990-91 season, the average NHL salary was US\$276,000. In 1997-98, it was US\$1,167,713. For all but the largest-market teams, this escalation is creating increasingly intolerable cost pressures. This problem is in no way a problem *particular* to the Canadian teams. Rather, it is league-wide. Even significantly lower salaries would not improve the competitive position of the Canadian teams relative to their American counterparts – though, if revenues remained the same, it certainly would improve their individual profitability.

The Canadian teams cite three key factors which distinguish their situation from that of the Americans and imperil their future: the currency exchange rate, the treatment of arena construction costs, and differing tax burdens.

#### **3.1 The Exchange Rate**

Player salaries account for the majority – roughly 80% - of every team's operating expenses. But since most teams in the league are now U.S.-based, with 77% of players employed by American teams, the six Canadian teams must compete for players on the basis of salaries denominated in American dollars.

At the same time, roughly 80% of the revenues of Canadian teams – from ticket sales, local and Canadian television rights fees, and advertising revenues – is in Canadian dollars.

Professional hockey is one of relatively few major businesses in Canada, along with professional baseball and basketball, that must pay most of its expenses in American dollars while deriving most of its income in Canadian ones. The consequence has been that the recent significant decline in our exchange rate has been very damaging financially for the six Canadian hockey teams.

For instance, the Ottawa Senators' 1999 payroll of US\$22.5 million would have cost Cdn\$27 million at the exchange rate prevailing in 1992 and Cdn\$34.2 million at this year's rate – an additional cash burden of \$7.2 million.





It is not likely that the teams can fully make up this difference by raising their ticket prices or advertising rates, because they would risk driving down attendance or becoming an uncompetitive advertising medium.

The NHL states that the exchange rate differential currently puts each Canadian team at a financial disadvantage on the order of as much as Cdn\$16 million a year relative to American teams.

### **3.2 Capital Costs for Arenas**

After player salaries, the single largest cost factor for every NHL team is the arena in which it plays.

In Ottawa and Vancouver, new facilities had to be built to acquire an NHL team. The Montreal and Toronto teams recently built new arenas to replace facilities they regarded as outdated.

In all four instances, the arenas were built entirely with private capital, with no public sector assistance. In Ottawa, in addition to the costs of the arena itself, the ownership of the Corel Centre was required to bear the bulk of the cost of constructing a new interchange off the Trans-Canada Highway. In Edmonton and Calgary, the teams play in facilities owned by public sector entities, but they each had to invest capital to take over building operations and pay for renovations.

In the case of American teams, on the other hand, the cost of new arenas is typically subsidized in whole or in part by local, county and or state governments. For instance, according to the NHL, arenas in Florida, Nashville, San Jose, Anaheim and Minnesota have been funded almost entirely by the public sector, while those in St. Louis, Tampa Bay, Buffalo, Carolina, Atlanta and Dallas received significant financial assistance from governments.

### **3.3 Tax Treatment**

The tax treatment of Canadian hockey teams differs significantly from that of their U.S.-based competitors. The American hockey teams pay minimal property and capital taxes, and are typically either exempt from sales tax or pay at a reduced rate, while the Canadian teams are fully taxed.

In 1997, according to the NHL, the six Canadian teams paid \$21.8 million in property and capital taxes, while all 21 U.S. teams combined paid only \$4.1 million.

## **4. Public Policy Considerations**

Based on the above statistical data, there appears to be evidence both that most of the six Canadian NHL teams are in difficulty and that their financial circumstances differ markedly from those of the U.S.-based teams.



The arguments for public sector initiatives to help ensure the viability of the Canadian hockey teams are based on three considerations: the economic contribution of the teams; the cultural or “national identity” significance of professional hockey in Canada; and the international competitive context of the NHL.

#### 4.1 The Economic Contribution of the NHL

The six Canadian teams are a significant source of economic activity. According to the NHL, they directly provide 8,600 full and part-time jobs, as well as another 3,000 jobs in related industries. They directly pay wages and benefits that totaled more than \$300 million in 1997, as well as accounting for another \$100 million in wages and benefits in related industries.

A closer look at the economic impact of NHL teams was provided by an independent study conducted in 1994 by the Government of Alberta’s Professional Sport Policy Committee. That study concluded that the Calgary Flames and Edmonton Oilers together generated direct and indirect benefits totaling in excess of \$117 million a year to the local economies. The Committee concluded: “By considerable amounts, the two NHL franchises have a large economic impact within the province.”

The tax revenues that these teams provide are also considerable. According to the NHL, in 1997 the six Canadian teams paid or collected \$211 million in direct taxes to all levels of government. Player salaries alone generate significant government revenues by virtue of being taxed in Canada. According to the NHL, the Government of Canada receives approximately \$130 million a year from income taxes and payroll taxes on league and team employees, primarily the players. Similarly, the total amount collected in sales taxes by the six Canadian teams during the 1996-97 season was approximately \$35-40 million. It should also be noted that NHL hockey is not classified as “Canadian entertainment” because of the league’s international component, and as a result, the two Ontario teams are required to collect and pay a 10% provincial entertainment tax on ticket sales.

There is also a less quantifiable sense in which professional sports teams contribute to the economic life of cities. In the North American context, they are often seen as urban amenities, which reflect the character of a city, help build its civic spirit, and signify that it is “world class.” Such considerations have helped to create the enthusiasm of various U.S. cities for attracting NHL franchises at the expense of substantial subsidies from public funds, but cities like Winnipeg and Quebec City have continued to develop despite losing their hockey teams.

By contrast, and in spite of these perceived benefits, a number of American studies, including a well-publicized report published in 1997 by the Brookings Institute, have taken the view that the economic benefits of professional sports facilities and teams are overstated. The Brookings article summarized the argument this way: “Most spending inside a stadium is a substitute for other local recreational spending, such as movies and restaurants. Similarly, most tax collections inside a stadium are substitutes: as other entertainment businesses decline, tax collections from them fall.”



## 4.2 Cultural or “National Identity” Significance

There is little doubt that hockey occupies a special place in Canadian life and in our national mythology, as our national winter sport.

A national poll conducted in March of this year by Decima Research found that 72% of Canadians agree that hockey “contributes to our identity as a nation and defines us as Canadians.” Only our role as peacekeepers (82%) and our healthcare system (80%) ranked higher. Similarly, in a national poll conducted by Maclean’s magazine asking about “the things that tie us together,” hockey ranked second, preceded only by the national health care system. Industry Minister John Manley recently stated: “[Hockey] is something that I believe is a very fundamental part of the fabric of our country. I think it would be tragic if we were to lose NHL teams.”

A corollary of this positive aspect of hockey is the negative impact on public opinion to be anticipated if, say, four of the six NHL teams were to leave Canada for the U.S. in relatively rapid succession.

## 4.3 International Competitive Context

The international competition in which our hockey teams are engaged is different from competition among companies for export markets.

Government-subsidized NHL teams in the U.S. are better able to afford higher-salaried top players who are beyond the reach of Canadian teams, putting our teams at a permanent competitive disadvantage. Since losing teams are likely to have trouble attracting enough fans to fill arenas, the subsidies enjoyed by their competitors constitute a threat to their viability.

## 4.4 Public Resource Allocation

Many people hold the view that it is wrong to spend public money on assisting professional sports teams or subsidizing millionaire hockey players and team owners when children are going hungry and health care is under-funded. This type of argument, however, could be used against funding any component of the broader public interest, including assisting the arts and subsidizing the CBC. Its application in the case of the NHL teams is not necessarily either more or less compelling. Rather, the question might be the preservation of tax revenue streams and regional economic benefits that are considerably larger than the outlay of public funds in question.

## 5. Principles for Action

Any initiative to assist NHL teams would need to meet the fundamental criterion of keeping the NHL in Canada over the long term. In addition, it would be desirable that any initiative to help the teams be based on contributions by all the relevant parties: the federal government, provincial governments, municipal governments, team management, the NHL and the players themselves. This does not imply that contributions should be equal from all sources.





A related question regarding shared responsibility is whether any initiative to assist the teams must be comprehensive and nation-wide – or whether it might be limited to those teams where the right circumstances exist.

## **6. Conclusion**

This document demonstrates the complexity of the situation facing NHL teams in Canada. Clearly, the economic interests involved in professional sports in Canada are intertwined with the strong cultural implications of Canadian identity and our national winter sport. In addition, the parameters underlying the current situation are manifested in different ways across the six teams.

The complexity of this issue will require that any solution be based upon the cooperation of all of the stakeholders involved in NHL hockey in Canada. While this paper does not propose any one solution or approach, it outlines the interplay of issues to be considered by the participants in the process.



## APPENDIX II – LIST OF PARTICIPANTS – JUNE 28<sup>TH</sup> ROUNDTABLE

Mr. Brian Bellmore  
Associate Governor  
Toronto Maple Leafs

Mr. Stephen Bellringer  
President and Chief Executive Officer  
Orca Bay Sports & Entertainment  
Vancouver Hockey Club Ltd.

Mr. Gary Bettman  
Commissioner  
National Hockey League

M. Mario Bouchard  
Directeur général des sociétés de la  
couronne  
Gouvernement du Québec

Mr. Ron Bremner  
President & Chief Executive Officer  
Calgary Flames Hockey Club

Mr. Roderick M. Bryden  
Chairman & Governor  
Ottawa Senators Hockey Club

Mr. Robert (Bob) Chiarelli  
Chair  
Regional Municipality of Ottawa-Carleton

Mr. Ronald Corey  
Governor & President  
Le Club de Hockey Canadien Inc.

Mr. Ken Dryden  
President & General Manager  
Toronto Maple Leafs

Mr. Bob Goodenow  
Executive Director  
National Hockey League Players'  
Association

Mr. Harley Hotchkiss  
Vice Chairman & Governor  
Calgary Flames Hockey Club

Mr. Ray Jones  
Alderman  
City of Calgary

The Hon. John Manley, P.C., M.P.  
Ottawa South (Ont.), Minister, Industry  
Canada  
House of Commons

Her Worship Merle Nicholds  
Mayor of Kanata  
City of Kanata

Mr. Case Ootes  
Deputy Mayor and Councillor for East York  
City of Toronto

Mr. George Puil  
City Councillor  
City of Vancouver

Mr. Glen Sather  
President & General Manager  
Oilers Hockey Inc.

The Hon. Murray Smith  
Minister of Gaming  
Government of Alberta



His Worship Mayor Bill Smith  
Mayor of Edmonton  
City of Edmonton

Mr. Chris Trumpy  
Deputy Minister  
Ministry of Finance  
Government of British Columbia

Hon. Gerry Weiner  
Member of the Executive Committee  
City of Montreal





### **APPENDIX III – DOCUMENTS EXCHANGED BY STAKEHOLDERS DURING THE BI-LATERAL / MULTI-LATERAL CONSULTATION PROCESS**

Included in Appendix III are copies of the following documents:

- September 14, 1999 – “Professional Hockey in Canada: NHL Self-help Initiatives and Proposed Stakeholder Contributions” (National Hockey League)
- September 16, 1999 – Letter from the Hon. Ernie Eves (Government of Ontario) to the Hon. John Manley (Industry Canada)
- September 29, 1999 – Letter from Mr. Bob Chiarelli (Region of Ottawa-Carleton) to the Hon. Ernie Eves (Government of Ontario)
- October 12, 1999 – Letter from the Hon. John Manley (Industry Canada) to the Hon. Ernie Eves (Government of Ontario)



**PROFESSIONAL HOCKEY IN CANADA: NHL SELF-HELP  
INITIATIVES AND PROPOSED STAKEHOLDER CONTRIBUTIONS**

**September 14, 1999**





## I. THE NHL'S COMMITMENT TO PROFESSIONAL HOCKEY IN CANADA

Canada is and always has been the heart of NHL hockey; to the extent that heart continues to weaken, the body it supports (the League as a whole) may survive, but in a far less vital condition. The National Hockey League recognizes and appreciates this basic yet fundamental premise, and is therefore singularly committed to take all practical steps necessary not only to maintain the League's healthy and viable presence in Canada for the long-term, but also to continue its constitutionally-mandated purpose of "[p]erpetuat[ing] hockey as one of the national games of . . . Canada." See NHL Constitution Article II. Given the magnitude of the financial burdens which the Canadian Clubs currently face, however, it has become increasingly apparent that the League and its Clubs cannot realistically be expected to resolve the present dilemma entirely by themselves. In order to perpetuate hockey, and more particularly, NHL hockey, as a preeminent feature of Canadian life, more needs to be done by all of the stakeholders -- not just the NHL -- to significantly improve the business environment in which Canadian Clubs operate, and to help level the playing field on which they are being asked to compete.

Specifically, while the reality may be harsh, it must be recognized that in the absence of governmental efforts to address the currency and taxation differentials that Canadian Clubs currently face, it is highly probable that in the very near term at least some of the Canadian Clubs will find it impossible to continue to operate in Canada. And, as to those Clubs that will remain in Canada, it is inevitable that they will become less and less competitive as they are forced to fill their rosters with inexperienced young players, or low-cost, beyond their prime veterans, in order to help off-set the other substantial costs that are associated with operating a professional hockey team in Canada.

## II. NHL INITIATIVES TO ASSIST CANADIAN CLUBS

The NHL has already implemented a number of League-sponsored initiatives to help address the competitive disadvantages currently facing the Canadian Clubs. As described in more detail below, self-help steps taken thus far include the League's "Group II Equalization Plan" and its "Supplemental Currency Assistance Plan," both of which are revenue sharing programs designed to help address the enormous competitive and financial challenges posed by the present currency differential between the U.S. and Canadian dollar. Both of these Plans are funded directly by all of its Clubs - - Canadian and U.S.-based Clubs alike -- and are indicative of the level of concern and support that the League and its Clubs have for the continued financial and competitive viability of the Canadian Clubs. (See Attachment A for a summary of the financial assistance provided pursuant to these Plans since their inception.) The League also has recently engineered the restructuring of television rights in Canada so as to maximize both national and local television revenue potential for each of the Canadian Clubs. Finally, Canadian Clubs have, on their own initiative, attempted to control their costs so as to help ameliorate present financial hardships. Together, these steps have laid a strong

foundation, but obviously have only begun to relieve the economic burdens which the Canadian Clubs currently face.

A. Group II Equalization Plan: This program establishes a fund designed to enhance the ability of Canadian Clubs to match offers made by U.S. teams to "Group 2" restricted free agents. Payments out of the fund offset the foreign exchange rate differential between a free agent player's previous salary and the salary offer made by a U.S. team for the services of such player.

- This program was adopted in July 1995 by the NHL Board of Governors and has been in effect from the 1995-96 season through present. In December 1998, the NHL Board of Governors voted unanimously in favor of continuing the program through the 1999-2000 season.
- The fund offers \$10.4 million (CDN) in annual assistance. All NHL teams -- Canadian and U.S. -- contribute equally to the fund.
- Eligible Canadian Clubs are those who rank in the bottom two-thirds of teams in the League in team revenues (based on URO results for the applicable season).
- Continuation of the program after the 1999-2000 season is subject to approval by the NHL Board of Governors; however, Clubs would be asked to commit to continuation of the program through the 2003-04 season if the other stakeholders are willing to agree to provide some form of meaningful assistance to the Canadian Clubs.

B. Supplemental Currency Assistance Plan: This program provides subsidies to Canadian Clubs whose revenues fall below the League's median, provided their revenues also are at least 80% of the League average (or, alternatively, the Canadian Club is able to demonstrate adequate levels of local support through the satisfaction of various criteria relating to ticket sales, dasherboard sales, and suite sales).

- This program was adopted in July 1995 by the NHL Board of Governors and has been in effect from the 1995-96 season through present. In December 1998, the NHL Board of Governors voted unanimously in favor of continuing the program through the 1999-2000 season.

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<sup>1</sup> References to "URO" results are to the League's Unified Report of Operations which is a comprehensive report on a team-by-team basis of financial results from each team's hockey operations.

- All NHL teams contribute in differing amounts to the pool that funds this program, depending on where they rank in the League in team revenues.
- Determinations for qualification for supplemental assistance are made annually, after the conclusion of each season.
- To date, \$42.1 million (CDN) has been distributed to Canadian Clubs under this program (1995-96: \$7.3 million (CDN); 1996-97: \$10.3 million (CDN); 1997-98: \$11.8 million (CDN); 1998-99: \$12.7 million (CDN)).
- The total amount of supplemental assistance available under this program increases each year to the same extent that overall League revenues increase (e.g., to the extent League revenues increase 11 percent in a given year, the total pool that funds this program also is increased by 11 percent).
- In each of the 1995-96, 1996-97, and 1997-98 seasons, Calgary, Edmonton, and Ottawa qualified for assistance. In 1998-99, Calgary, Edmonton, Ottawa, and Vancouver qualified for assistance.
- Continuation of the program after the 1999-2000 season is subject to approval by the NHL Board of Governors; however, the Clubs would be asked to commit to continuation of the program through the 2003-04 season if the other stakeholders are willing to agree to provide some form of meaningful assistance to the Canadian Clubs.

C. Restructuring of Canadian Television Rights: In 1998, the League fundamentally restructured its Canadian television rights which, among other things, resulted in:

- increased Canadian national rights fees;
- more games available to the Canadian Clubs to sell as part of their local television packages;
- a larger home television territory to offer to potential rightsholders; and
- the generation of competition from regional sports networks for the sale of local television rights.

As a result of this restructuring, revenues generated from both local and national television in Canada were substantially enhanced for the Canadian Clubs beginning in 1998-99. (See Attachment B.)



D. Demonstrated Resolve to Control Player Costs: While a significant challenge facing all NHL Clubs today is the growth of player salaries, it bears mention that each of the Canadian Clubs has demonstrated over the past several years its own individual resolve to control its player payroll. Indeed, for each of the last nine years, the Canadian Clubs' average major league player payroll expenditure has been significantly lower than the average major league player payroll expenditure of the U.S. Clubs, and, in fact, has never exceeded 90% of such average. Since 1996-97, Canadian Clubs have spent on average \$6.9 million (CDN) less on major league player compensation (excluding player benefits and playoff bonuses) than have their U.S. counterparts: \$6.8 million (CDN) less in 1996-97; \$5.8 million (CDN) less in 1997-98; and \$8.0 million (CDN) less in 1998-99. (See Attachment C.) Thus, while there may be legal limits to what the Clubs can do collectively to control escalating player salaries, the Canadian Clubs increasingly have committed themselves, on an individual basis, to controlling their own costs.

### **III. ADDITIONAL STEPS CONTEMPLATED IN CONNECTION WITH MEANINGFUL ASSISTANCE PROVIDED BY OTHER STAKEHOLDERS**

The League recognizes that more must be done to address the competitive disadvantages faced by the Canadian Clubs and it is committed to continuing to explore additional initiatives in connection with meaningful assistance being provided by other stakeholders.

A. Continuation of Canadian Assistance Program: As discussed above, the NHL Board of Governors has recently approved the continuation of the Group II Equalization Plan and the Supplemental Currency Assistance Plan through the 1999-2000 season, and, if the other stakeholders are willing to agree to provide some form of meaningful assistance to the Canadian Clubs, the Clubs would be asked to commit to continue these programs at least through the end of the current Collective Bargaining Agreement in 2004.

B. Commitment to Address the Situation Through Collective Bargaining: The League is committed to achieving, in lawful collective bargaining with the NHLPA, a player system that will provide each Canadian Club with the ability both to remain strong and competitive on the ice, and to operate on a financially viable basis off the ice. The current Collective Bargaining Agreement, however, does not expire until September 2004. Accordingly, while efforts will continue to be made to dialogue with the NHLPA in an effort to effectuate changes in the short-term that may relieve the financial pressures NHL Clubs are experiencing, it is likely that any program of assistance will need to be of a sufficient duration to allow the Clubs the ability to survive and compete through the end of the current Collective Bargaining Agreement. The NHL fully recognizes, however, that there may be no appetite or willingness on the part of the Canadian public to continue any plan of assistance beyond 2004 if the NHL is unable to achieve a system in collective bargaining that is capable of substantially addressing the problems facing the Canadian Clubs.

C. Commitment Against Canadian Club Relocation: In connection with a commitment by the various stakeholders to provide meaningful assistance to the Canadian Clubs, the League would ask the Canadian Clubs to demonstrate their commitment to finding ways to remain viable in Canada by undertaking not to apply to relocate their franchises outside of Canada through the 2003-04 season.

D. Contribution of Intellectual Property Rights to Government-Sponsored Lotteries: As discussed in more detail below, in connection with a decision to direct some portion of provincial and/or federal lottery revenues to help fund additional assistance for Canadian Clubs, the NHL is willing to consider granting the provinces the right to use team logos, marks, and other intellectual property rights in connection with government-sponsored lotteries in order to help increase the sale of lottery tickets and, in turn, generate what we believe would be substantial additional revenues.

#### IV. PROPOSED STAKEHOLDER CONTRIBUTIONS

As set forth above, the NHL and the Member Clubs are more than willing to continue to implement self-help initiatives designed to address the significant competitive disadvantages faced by the Canadian Clubs. These initiatives, however, cannot by themselves be expected to sufficiently address the competitive disadvantages now confronting the Canadian Clubs. Accordingly, for purposes of facilitating a discussion as to other private and/or public policy initiatives that may be implemented to help address these disadvantages, we have attempted to identify several specific areas where meaningful assistance can be sourced and provided to the Canadian Clubs by other stakeholders.

A. Lottery Revenues: For the past decade, a number of the Canadian provinces have sponsored lotteries premised on the outcome of NHL games, which lotteries have generated tens of millions of dollars annually. Neither the NHL nor any of its Member Clubs have ever shared in any of these lottery proceeds, nor have they been otherwise compensated for the fact that the product the Clubs collectively pay almost \$2 billion annually to produce (and, indeed, that many teams are losing money producing) is being exploited at no cost to the lotteries. Not only are such practices grossly unfair (particularly given the current economic condition of professional hockey in Canada), but they also may be violative of applicable laws protecting the League's intellectual property rights in its schedule, as well as in the results of its games.

We believe that the NHL is clearly entitled to some material portion or percentage of the total sales of sports-related lottery tickets attributable to NHL hockey. We have reason to believe that in 1996-97 alone, the total sales across Canada of sports-related lottery tickets attributable to NHL hockey totalled approximately \$170 million. (See Attachment D.) Assuming 20% of these total sales should fairly be allocated to the NHL, and based on the 1996-97 figures, an additional \$34 million on an annual basis could and should be directed to the NHL on behalf of its Member Clubs. In such event, the NHL would be more than willing to consider dedicating a portion (e.g., 10 percent) of



its share of hockey-attributable lottery funds to further support amateur hockey in Canada.

Moreover, in connection with any decision to direct some portion of provincial and/or federal lottery revenues to help fund additional assistance for Canadian Clubs, the NHL is willing to explore ways to help increase the sale of lottery tickets and, in turn, generate substantial additional revenues. Specifically, by contributing its marks and other intellectual property rights alone, the League believes it could generate substantial incremental revenue for the lotteries, all of which revenue obviously would be attributable entirely to the League and its Clubs. Nonetheless, provided the League was satisfied it was receiving "fair value" for its contribution to the lotteries as now constituted, the League would likely also be willing to share on a 50-50 basis any incremental revenue that is generated as a result of the NHL's contribution of its marks and logos.

Finally, it should be noted and understood that because the intellectual property rights of the League and its Clubs are held collectively by all 28 NHL Clubs (including 22 U.S.-based Clubs), any monies directed to the League from the sale of lottery tickets attributable to NHL hockey, as well as any additional monies which are directed to the NHL for the contribution of its marks to enhance the sale of lottery tickets, are rightfully the property of all NHL Clubs collectively. In connection with its ongoing efforts to find new ways to assist its Canadian franchises, however, the NHL would be prepared to ask the U.S.-based Clubs to contribute to the Canadian Clubs 100% of their share of any such lottery revenues directed to the NHL so that any such assistance would inure entirely to the benefit of the six Canadian Clubs.

**B. Tax Assessments.** Each of the municipal, provincial, and federal governments in Canada benefit directly from the presence of NHL Clubs through the receipt of substantial tax revenues. At the municipal level, tax revenues are collected primarily from property and realty taxes (which in all cases are substantially higher than the taxes assessed to similarly situated U.S. Clubs by their U.S. municipalities). At the provincial level, tax revenues are collected from income and sales taxes, paid both by the Clubs and by their employees. And, at the federal level, significant taxes are generated again principally from the Clubs' employees, who obviously include highly-paid professional athletes, and from GST tax.

In addition, all three levels of government benefit indirectly from the positive economic impact that the presence of a professional sports franchise can bring to a city, province, and indeed, to a country. Although questioned by some, this substantial impact has, in fact, been measured by one of the provincial governments when, in 1994, the Alberta Government commissioned the Professional Sports Policy Committee to assess the economic impact of the Calgary Flames and Edmonton Oilers on the Province of Alberta. That Committee found combined economic benefits to the local and provincial economies from the Flames and Oilers of approximately \$178 million, and concluded that: "professional sports franchises in Alberta contribute extensively to local,



regional and provincial economies. By considerable amounts, the two NHL franchises have a large economic impact within the province.”

These economic benefits enjoyed by various levels of government in Canada through tax revenue and indirect economic spin-offs are perhaps “too rich” to be sustained for the long-term. The simple fact is that, in a very competitive international marketplace, the Canadian Clubs are strangling under heavy tax burdens that are grossly disproportionate both to the respective Clubs’ total revenues, and to the relatively minor tax burdens borne by their U.S.-based counterparts. And, while the current tax burdens may have been appropriate to the relative economic health of the professional hockey industry in Canada at some historical point in time, the current -- and indeed, vastly different -- landscape in which the Canadian Clubs now operate simply renders their current tax burden unfair. Accordingly, some adjustment to these tax burdens in the near-term may be the only way to ensure a continuing flow of tax revenue to the various relevant levels of Canadian government for the long-term.

In this respect, we would suggest a re-evaluation of property and realty tax levels by the relevant municipalities; an elimination of unfair and illogical provincial taxes such as the Amusement Tax in Ontario which treats NHL hockey as “non-Canadian entertainment;” and the exploration of meaningful tax incentives at the federal level, such as an accelerated capital cost allowance for the over \$1 billion investment in public infrastructure that the six Canadian Clubs, combined, have made in the last decade (of course, in order to provide a meaningful benefit, some provision must also be made for the transferability of the tax credit created).

C. Other Sources: Participation in lottery-generated revenues and a restructuring of certain tax burdens are not the only means by which meaningful assistance can be provided to the Canadian Clubs. The federal and provincial governments should also commit themselves to working with the NHL, and, if necessary, the NHLPA, to establish new sources of revenue that can be directed to the benefit of the Canadian Clubs. Similarly, the provincial and municipal governments should actively explore creative ways to solve problems which are unique to individual Clubs -- property taxes in Montreal, Toronto and Ottawa; public infrastructure costs in Ottawa; amusement taxes in Toronto and Ottawa; private arena financing and support costs in every NHL city in Canada; etc.

## **V. LEVEL AND DURATION OF ASSISTANCE REQUIRED**

One logical measure of assistance would be to subsidize some portion of the currency exchange deficiency presently facing the Canadian Clubs. That deficiency, which currently ranges in the magnitude of \$10-\$15 million annually per Club, is a fair and logical measure (although, due to the other burdens, an understated measure) of the handicap each Canadian Club faces vis-a-vis their U.S. counterparts. Only through an elimination or substantial reduction of this deficiency can the Canadian Clubs remain competitive (and, in some cases, viable) through the term of the current Collective Bargaining Agreement.

And, as discussed in more detail above, we believe this deficiency can be addressed without materially altering or draining amounts currently directed to the public purse through a combination of minor adjustments to the tax treatment of Canadian Clubs and/or their buildings, Club-specific initiatives sponsored by relevant governmental authorities, and, most importantly, through a government-sponsored initiative to share hockey-related lottery revenues with the NHL. Indeed, depending on the magnitude of lottery-generated revenues that can be directed to the NHL and its Clubs, and the amount of additional revenue that can be generated through the contribution of NHL marks, logos, and other intellectual property rights to the lotteries, it is conceivable that the currency exchange deficiency of the Canadian Clubs can be eliminated entirely without any significant modification to current tax laws.

In terms of the duration of the assistance required, it would seem necessary that the various measures selected to address the burdens confronting Canadian Clubs be continued at least through the 2003-04 season, when the current Collective Bargaining Agreement expires. At that point, it would seem appropriate, and indeed the NHL would welcome, a re-examination of selected assistance programs to determine whether the “need” that clearly exists now is likely to continue to exist in the future.

## NHL CURRENCY ASSISTANCE PROGRAM

<u>SUBSIDIES PAID TO CLUBS:</u>	<u>1995-96</u>		<u>1996-97</u>		<u>1997-98</u>		<u>1998-99</u>		<u>TOTAL</u>	
PHASE I <sup>1</sup>										
Winnipeg (re: Keith Thachuk)	2,235,936	CDN	-	CDN	-	CDN	-	CDN	2,235,936	CDN
PHASE II										
Calgary	2,433,183	CDN	3,424,658	CDN	3,951,567	CDN	3,176,015	CDN	12,985,423	CDN
Edmonton	2,433,183	CDN	3,424,658	CDN	3,951,567	CDN	3,176,015	CDN	12,985,423	CDN
Ottawa	2,433,183	CDN	3,424,658	CDN	3,951,567	CDN	3,176,015	CDN	12,985,423	CDN
Vancouver		CDN		CDN		CDN	3,176,015	CDN	3,176,015	CDN
	<u>7,299,550</u>	CDN	<u>10,273,973</u>	CDN	<u>11,854,702</u>	CDN	<u>12,704,060</u>	CDN	<u>42,132,285</u>	CDN
TOTAL	<u>9,535,486</u>	CDN	<u>10,273,973</u>	CDN	<u>11,854,702</u>	CDN	<u>12,704,060</u>	CDN	<u>44,368,221</u>	CDN

FUNDING BY TEAM:

PHASE I										
All Teams	63,131	USD	-		-	USD	-	USD		
PHASE II										
U.S TEAMS -										
Top 2/3 of Revenues	206,099	USD	325,000	USD	335,000	USD	350,000	USD		
Bottom 1/3 of Revenues	206,099	USD	250,000	USD	260,000	USD	270,000	USD		
CANADIAN TEAMS -										
Top 1/3 of Revenues	206,099	USD	325,000	USD	335,000	USD	350,000	USD		
Middle 1/3 of Revenues	206,099	USD	350,000	CDN	335,000	CDN	350,000	CDN		
Bottom 1/3 of Revenues	206,099	USD	250,000	CDN	260,000	CDN	270,000	CDN		

<sup>1</sup> Maximum USD\$7 million



**LOCAL CANADIAN BROADCASTING REVENUES**  
**(MILLIONS OF CANADIAN DOLLARS)**

	<u>1994</u>	<u>1995</u> <sup>1</sup>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u> <sup>2</sup>	AVG % INCREASE PER YEAR	
							<u>BEFORE</u>	<u>AFTER</u>
TOTAL	37.9	22.7	39.1	33.9	35.6	43.4		
AVG/TEAM	4.7	2.8	5.6	5.7	5.9	7.2	6%	22%

<sup>1</sup> NHL work stoppage season (48 out of 82 games where played)

<sup>2</sup> Year one of the new Canadian national broadcasting deal with Labatt/CBC

**NHL MAJOR LEAGUE PLAYER COSTS  
(MILLIONS OF CANADIAN DOLLARS)**

**AVERAGE MAJOR LEAGUE PLAYER COSTS PER TEAM**

SEASON	CANADIAN TEAMS \$MM	% OF U.S. TEAMS	U.S. TEAMS <sup>1</sup> \$MM	ALL TEAMS \$MM
1990/91	\$5.9	80.5%	\$7.4	\$7.0
1991/92	8.3	77.4%	10.7	10.0
1992/93	10.2	68.4%	14.9	13.4
1993/94	16.2	81.8%	19.9	18.8
1994/95	14.8	86.6%	17.0	16.4
1995/96	26.9	91.7%	29.3	28.7
1996/97	29.5	81.2%	36.3	34.7
1997/98	39.0	87.0%	44.9	43.5
1998/99	43.3	84.4%	51.3	49.5

<sup>1</sup> U.S. dollars converted to Canadian dollars using an average exchange rate for the year.

**Provincial Lotteries, 1996-97**  
(Canadian Dollars)

	<u>Sports-Related Lottery Sales</u>	<u>Sales Attributable to Hockey</u>
BC Lottery Corporation	\$ 21,460,000	\$ 10,730,000
Western Canada Lottery Corporation	\$ 59,865,000	\$ 29,933,000
Ontario Lottery Corporation	\$202,208,000	\$101,104,000
Loto Quebec	\$ 50,001,000	\$ 25,000,000
Atlantic Lottery Corporation	\$ <u>10,100,000</u> \$343,634,000	\$ <u>5,050,000</u> \$171,817,000

Source: Compiled from data contained in Annual Reports of Provincial Lottery Corporations, 1996-97 and Industry Canada calculations. Sports in Canada, Report of the Sub-committee on the Study of Sport in Canada. November 1998.

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September 16, 1999

Honourable John Manley  
Minister of Industry  
House of Commons  
Ottawa, Ontario K1A 0H5

Dear Minister Manley,

I am writing further to your letter of July 2, 1999 and further to recent conversations my Deputy Minister Dr. Bryne Purchase has had with Dr. David Zussman, President of the Public Policy Forum, regarding Ontario's position on the challenges facing NHL teams in Canada.

Our government recognizes the economic and cultural importance of hockey to our province and to our country, and the Ontario government has always stated its willingness to engage in constructive consideration of the issue.

That being said, Ontario must ensure that its taxpayers' interests are protected and that all stakeholders are contributing to a shared solution before our government can make a commitment. That means the NHL league, owners, and players' association must come forward with ideas to address the issues of players' salaries and the sharing of revenues between competing teams in smaller markets. If the NHL is not part of the solution, regardless of what governments do, Canadian franchises will be in the same situation a few years from now.

Ontario must also ensure that its health programs and not-for-profit charities continue to be protected. Therefore, our government will not consider diverting its provincial lottery revenues away from these priority not-for-profit programs to fund professional for-profit hockey clubs.

Furthermore, Ontario already gives approximately \$20 M/ year of its lottery revenues to the federal government making Ontario by far the largest provincial contributor of lottery revenues to the \$52.4M federal lottery pool. To provide any more provincial lottery revenue is not feasible. If the federal government wants to provide direct cash support with the money already given to them by the provinces, that is your decision.



Ontario also has concerns with the idea of establishing a separate NHL lottery, complete with NHL logos, where some of the proceeds would be used to support professional hockey in Canada. Before we would be willing to consider such an option, we would have to be convinced that establishing such a lottery would not erode the amount of lottery revenues currently flowing to priority not-for-profit programs.

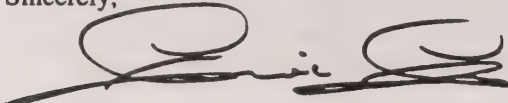
It is Ontario's position that there are other viable solutions on the table that the federal government could consider that will not take lottery money away from priority not-for-profit programs. For example, there is a request that the federal government re-visit the CRTC's decision denying the establishment of a NHL specialty channel network.

As we have stated to Dr. Zussman, Minister Martin, and representatives from Ontario's NHL franchises, the Ontario government is willing to consider possible property tax relief options for professional sporting facilities. However, since there are revenue implications to these options, no such solution would be appropriate to consider without the support and participation of the municipalities themselves.

We appreciate your efforts to coordinate a solution to this issue through the Public Policy Forum. We would like to hear from you on what solutions the federal government is willing to bring to the table, and to hear from the Public Policy Forum what the next steps are in the process.

Ontario looks forward to working with all stakeholders, including the federal, provincial and municipal governments, along with the NHL league, owners, and players' association to develop a collective solution to this important matter.

Sincerely,



Ernie Eves

Deputy Premier and Minister of Finance

Cc: Honourable Paul Martin, Minister of Finance, Government of Canada  
Dr. David Zussman, President, Public Policy Forum  
Mr. Roderick M. Bryden, Chair and Governor, Ottawa Senators Hockey Club  
Mr. Ken Dryden, President and General Manager, Toronto Maple Leafs  
Mr. Gary Bettman, Commissioner, National Hockey League  
Mr. Bob Goodenow, Executive Director, NHL Players' Association  
Mr. Robert Chiarelli, Chair, Regional Municipality of Ottawa-Carleton  
Honourable Gord Wilson, Minister of Finance, Government of British Columbia  
Honourable Murray Smith, Minister of Gaming, Government of Alberta  
Honourable Bernard Landry, Minister of Finance, Government of Quebec  
Her Worship Merle Nicholds, Mayor, City of Kanata  
His Worship Mel Lastman Mayor, City of Toronto



Bob Chiarelli  
Chair/Président

29 September 1999

Honourable Ernie Eves  
Deputy Premier and Minister of Finance  
Office of the Minister  
Frost Building South  
7 Queen's Park Crescent  
Toronto, Ontario  
M7A 1Y7

Dear Minister Eves: *Ernie*

I am writing in response to your letter of September 16, 1999 to the Honourable John Manley, Minister of Industry for Canada. I was very pleased to read in your letter that the Government of Ontario is willing to participate with municipalities in a shared solution to the competitive challenges facing Canadian teams in the National Hockey League. I share your view of the economic and cultural importance of hockey to our country, our province and our municipalities.

Your letter to Minister Manley said you were "willing to consider possible property tax relief options for professional sporting facilities." The Corel Centre has experienced a massive property tax increase (at least 400%) since the building initially came into service. Because the Corel Centre is a unique facility a comparative approach to assessing the value of the building has been impossible. It has become clear that this massive tax increase, the full force of which is still being phased-in, is not equitable or fair.

I have been considering the most appropriate mechanisms that could allow municipalities to partner with the Province of Ontario and the Government of Canada in offering some significant and much needed relief from the Corel Centre's taxation burden. We need to meet with your officials to define the specifics of that partnership.

In our view, the most appropriate manner in which this initiative can move forward from a municipal property tax perspective is for your government to enact any necessary regulations and amendments to the legislation that would allow the Corel Centre to be taxed in a fair and equitable manner in relation to all other property taxpayers.

.../2

I would propose the following:

1. Your government amending the legislation as necessary to establish a new separate mandatory tax class for the Corel Centre with an appropriate tax ratio range of fairness that would provide significant relief to the Corel Centre's current burden of taxation for municipal purposes. Regional Council could then consider an appropriate ratio within the range of fairness after giving due regard to the impact on all other Regional taxpayers; and

2. Your government providing an exemption to the Corel Centre from some or all of the education portion of property tax through necessary amendments to the Education Quality Improvement Act, 1997, that would treat the Corel Centre in a similar fashion to a theatre of 1000 seats or more.

In order to resolve the issues involved as quickly as possible, I would suggest that our respective staffs meet to work out the necessary technical and legislative details. I would then commit to putting the item in front of Regional Council at the earliest possible opportunity.

Yours truly,



Bob Chiarelli

Chair, Region of Ottawa-Carleton

cc: Honourable John Manley, Minister of Industry, Government of Canada  
~~Dr. David Zussman, President, Public Policy Forum~~  
Her Worship Merle Nicholds, Mayor, City of Kanata  
Hon. John Baird, Minister of Community and Social Services

Minister of Industry



Ministre de l'Industrie

Ottawa, Canada K1A 0H5

The Honourable L'honorable  
John Manley P.C., M.P. c.p., député

OCT 12 1999

The Honourable Ernie Eves, M.P.P.  
Deputy Premier and Minister of Finance  
Government of Ontario  
Frost Building South  
7 Queen's Park Crescent  
Toronto, Ontario  
M7A 1Y7

Dear Mr. Eves:

Thank you for your letter of September 16, 1999, concerning the financial challenges confronting the National Hockey League (NHL) teams in Canada.

The Public Policy Forum, on behalf of the federal government, has been meeting with stakeholders over the past several months. The purpose of these consultations is to determine whether there is sufficient definable commitment on the part of stakeholders to warrant a second meeting to discuss a possible strategy for action.

I agree that all stakeholders need to contribute significantly to a shared solution before government participation is justifiable. The federal government has established a similar condition for federal participation, which was set out in my earlier correspondence to Canadian NHL stakeholders last spring and restated in my comments at the meeting of stakeholders on June 28 in Toronto. I am also of the view that a substantial contribution by the NHL and the NHL players is key, and such support has not materialized.

...2

Canada



I was pleased to learn that the Ontario government is prepared to consider lower municipal property taxes for professional sporting facilities. If Ontario were to proceed with this measure, following the lead set by the Government of Alberta, it may convince the governments of British Columbia and Quebec of the merits of adopting similar policies in their provinces.

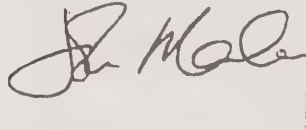
I would like to take this opportunity to clarify two comments in your letter, one regarding payments made to the federal government from provincial lottery revenues, and the other pertaining to the Canadian Radio-Television and Telecommunications Commission (CRTC). With regard to lotteries, of the approximate \$52 million received annually by the federal government from all provincial governments, only about \$1.5 million is attributable to wagering on NHL games. In the case of payments from the Province of Ontario, less than \$1 million of Ontario's approximate \$20 million annual payment to the federal government can be attributed to wagering on NHL games. In comparison, Ontario's net receipts from lotteries for fiscal year 1997-1998 totalled about \$735 million, with wagering on NHL games accounting for approximately \$30 million of this amount. With respect to the suggestion contained in your letter, if an all-stakeholder solution could be achieved that includes the establishment of new provincial sports lotteries dedicated to assisting NHL teams, I would be prepared to consider options for directing any federal portion of new sports lottery revenue for the same purpose.

The CRTC is an independent quasi-judicial agency regulating the broadcasting and telecommunications industry. As such, I am not in a position to know whether an application for an NHL specialty channel network would be granted approval. Nonetheless, this may be an option that the NHL may want to pursue.

By providing the Public Policy Forum with a copy of your letter to me, you can be assured that your views will be incorporated into the Forum's report on the willingness of stakeholders to participate in a shared solution.

Thank you again for providing me with your views on this important matter.

Yours very truly,

A handwritten signature in dark ink, appearing to read "John Manley". The signature is fluid and cursive, with the first name "John" and last name "Manley" clearly distinguishable.

John Manley

c.c. The Honourable Paul Martin, P.C., M.P., Minister of Finance  
The Honourable Paul Ramsey, Minister of Finance, Government of British Columbia  
The Honourable Murray Smith, Minister of Gaming, Government of Alberta  
The Honourable Bernard Landry, Deputy Premier and Minister of Finance,  
Government of Quebec  
Her Worship Merle Nicholds, Mayor, City of Kanata  
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Mr. Robert Chiarelli, Chair, Regional Municipality of Ottawa-Carleton  
Mr. Gary Bettman, Commissioner, National Hockey League  
Mr. Bob Goodenow, Executive Director, NHL Players' Association  
Mr. Roderick M. Bryden, Chair and Governor, Ottawa Senators Hockey Club  
Mr. Ken Dryden, President and General Manager, Toronto Maple Leafs Hockey Club  
Dr. David Zussman, President, Public Policy Forum

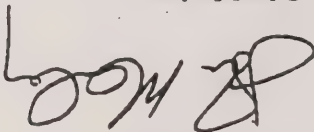






Thank you again for providing me with your views on this important matter.

Yours very truly,



John Manley

c.c. The Honourable Paul Martin, P.C., M.P., Minister of Finance  
The Honourable Paul Ramsey, Minister of Finance, Government of British Columbia  
The Honourable Murray Smith, Minister of Gaming, Government of Alberta  
The Honourable Bernard Landry, Deputy Premier and Minister of Finance,  
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Mr. Roderrick M. Bryden, Chair and Governor, Ottawa Senators Hockey Club  
Mr. Ken Dryden, President and General Manager, Toronto Maple Leafs Hockey Club  
Dr. David Zussman, President, Public Policy Forum

I was pleased to learn that the Ontario government is prepared to consider lower municipal property taxes for professional sporting facilities. If Ontario were to proceed with this measure, following the lead set by the Government of Alberta, it may convince the governments of British Columbia and Quebec of the merits of adopting similar policies in their provinces.

I would like to take this opportunity to clarify two comments in your letter, one regarding payments made to the federal government from provincial lottery revenues, and the other pertaining to the Canadian Radio-Television and Telecommunications Commission (CRTC). With regard to lotteries, of the approximate \$52 million received annually by the federal government from all provincial governments, only about \$1.5 million is attributable to wagering on NHL games. In the case of payments from the Province of Ontario, less than \$1 million of Ontario's approximate \$20 million annual payment to the federal government can be attributed to wagering on NHL games. In comparison, Ontario's net receipts from lotteries for fiscal year 1997-1998 totalled about \$735 million, with wagering on NHL games accounting for approximately \$30 million of this amount. With respect to the suggestion contained in your letter, if an all-stakeholder solution could be achieved that includes the establishment of new provincial sports lotteries dedicated to assisting NHL teams, I would be prepared to consider options for directing any federal portion of new sports lottery revenue for the same purpose.

The CRTC is an independent quasi-judicial agency regulating the broadcasting and telecommunications industry. As such, I am not in a position to know whether an application for an NHL specialty channel network would be granted approval. Nonetheless, this may be an option that the NHL may want to pursue.

By providing the Public Policy Forum with a copy of your letter to me, you can be assured that your views will be incorporated into the Forum's report on the willingness of stakeholders to participate in a shared solution.

Minister of Industry



Ottawa, Canada K1A 0H5

The Honourable L'honorable  
John Manley P.C., M.P., c.p., député

OCT 12 1999

The Honourable Ernie Eves, M.P.P.  
Deputy Premier and Minister of Finance  
Government of Ontario  
Frost Building South  
7 Queen's Park Crescent  
Toronto, Ontario  
M7A 1Y7

Dear Mr. Eves:

Thank you for your letter of September 16, 1999, concerning the financial challenges confronting the National Hockey League (NHL) teams in Canada.

The Public Policy Forum, on behalf of the federal government, has been meeting with stakeholders over the past several months. The purpose of these consultations is to determine whether there is sufficient definable commitment on the part of stakeholders to warrant a second meeting to discuss a possible strategy for action.

I agree that all stakeholders need to contribute significantly to a shared solution before government participation is justifiable. The federal government has established a similar condition for federal participation, which was set out in my earlier correspondence to Canadian NHL stakeholders last spring and restated in my comments at the meeting of stakeholders on June 28 in Toronto. I am also of the view that a substantial contribution by the NHL and the NHL players is key, and such support has not materialized.

Canada

I would propose the following:

1. Your government amending the legislation as necessary to establish a new separate mandatory tax class for the Corel Centre with an appropriate tax ratio range of fairness that would provide significant relief to the Corel Centre's current burden of taxation for municipal purposes. Regional Council could then consider an appropriate ratio within the range of fairness after giving due regard to the impact on all other Regional taxpayers; and

2. Your government providing an exemption to the Corel Centre from some or all of the education portion of property tax through necessary amendments to the Education Quality Improvement Act, 1997, that would treat the Corel Centre in a similar fashion to a theatre of 1000 seats or more.

In order to resolve the issues involved as quickly as possible, I would suggest that our respective staffs meet to work out the necessary technical and legislative details. I would then commit to putting the item in front of Regional Council at the earliest possible opportunity.

Yours truly,



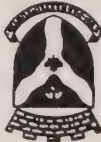
Bob Chiarelli

Chair, Region of Ottawa-Carleton

cc: Honourable John Manley, Minister of Industry, Government of Canada  
Dr. David Zussman, President, Public Policy Forum  
Her Worship Merle Nicholds, Mayor, City of Kanata  
Hon. John Baird, Minister of Community and Social Services



Région d'Ottawa-Carleton  
Centre Ottawa-Carleton



Bob Chiarelli  
Chair/Président

29 September 1999

Honourable Ernie Eves  
Deputy Premier and Minister of Finance  
Office of the Minister  
Frost Building South  
7 Queen's Park Crescent  
Toronto, Ontario  
M7A 1Y7  
Dear Minister Eves:

I am writing in response to your letter of September 16, 1999 to the Honourable John Manley, Minister of Industry for Canada. I was very pleased to read in your letter that the Government of Ontario is willing to participate with municipalities in a shared solution to the competitive challenges facing Canadian teams in the National Hockey League. I share your view of the economic and cultural importance of hockey to our country, our province and our municipalities.

Your letter to Minister Manley said you were "willing to consider possible property tax relief options for professional sporting facilities." The Corel Centre has experienced a massive property tax increase (at least 400%) since the building initially came into service. Because the Corel Centre is a unique facility a comparative approach to assessing the value of the building has been impossible. It has become clear that this massive tax increase, the full force of which is still being phased-in, is not equitable or fair.

I have been considering the most appropriate mechanisms that could allow municipalities to partner with the Province of Ontario and the Government of Canada in offering some significant and much needed relief from the Corel Centre's taxation burden. We need to meet with your officials to define the specifics of that partnership.

In our view, the most appropriate manner in which this initiative can move forward from a municipal property tax perspective is for your government to enact any necessary regulations and amendments to the legislation that would allow the Corel Centre to be taxed in a fair and equitable manner in relation to all other property taxpayers.

Ontario also has concerns with the idea of establishing a separate NHL lottery, complete with NHL logos, where some of the proceeds would be used to support professional hockey in Canada. Before we would be willing to consider such an option, we would have to be convinced that establishing such a lottery would not erode the amount of lottery revenues currently flowing to priority not-for-profit programs.

It is Ontario's position that there are other viable solutions on the table that the federal government could consider that will not take lottery money away from priority not-for-profit programs. For example, there is a request that the federal government re-visit the CRTC's decision denying the establishment of a NHL specialty channel network.

As we have stated to Dr. Zussman, Minister Martin, and representatives from Ontario's NHL franchises, the Ontario government is willing to consider possible property tax relief options for professional sporting facilities. However, since there are revenue implications to these options, no such solution would be appropriate to consider without the support and participation of the municipalities themselves.

We appreciate your efforts to coordinate a solution to this issue through the Public Policy Forum. We would like to hear from you on what solutions the federal government is willing to bring to the table, and to hear from the Public Policy Forum what the next steps are in the process. Ontario looks forward to working with all stakeholders, including the federal, provincial and municipal governments, along with the NHL league, owners, and players' association to develop a collective solution to this important matter.

Sincerely,



Ernie Eves

Deputy Premier and Minister of Finance

Cc: Honourable Paul Martin, Minister of Finance, Government of Canada

Dr. David Zussman, President, Public Policy Forum  
Mr. Roderick M. Bryden, Chair and Governor, Ottawa Senators Hockey Club  
Mr. Ken Dryden, President and General Manager, Toronto Maple Leafs  
Mr. Gary Bettman, Commissioner, National Hockey League  
Mr. Bob Goodenow, Executive Director, NHL Players' Association  
Mr. Robert Chiarelli, Chair, Regional Municipality of Ottawa-Carleton  
Honourable Gord Wilson, Minister of Finance, Government of British Columbia  
Honourable Murray Smith, Minister of Gaming, Government of Alberta  
Honourable Bernard Landry, Minister of Finance, Government of Quebec  
Her Worship Merle Nicholas, Mayor, City of Kanata  
His Worship Mel Lastman Mayor, City of Toronto

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Télé (416) 325-0374



September 16, 1999

Honourable John Manley  
Minister of Industry  
House of Commons  
Ottawa, Ontario K1A 0H5  
Dear Minister Manley,

I am writing further to your letter of July 2, 1999 and further to recent conversations my Deputy Minister Dr. Bryne Purchase has had with Dr. David Zussman, President of the Public Policy Forum, regarding Ontario's position on the challenges facing NHL teams in Canada.

Our government recognizes the economic and cultural importance of hockey to our province and to our country, and the Ontario government has always stated its willingness to engage in constructive consideration of the issue.

That being said, Ontario must ensure that its taxpayers' interests are protected and that all stakeholders are contributing to a shared solution before our government can make a commitment. That means the NHL league, owners, and players' association must come forward with ideas to address the issues of players' salaries and the sharing of revenues between competing teams in smaller markets. If the NHL is not part of the solution, regardless of what governments do, Canadian franchises will be in the same situation a few years from now.

Ontario must also ensure that its health programs and not-for-profit charities continue to be protected. Therefore, our government will not consider diverting its provincial lottery revenues away from these priority not-for-profit programs to fund professional for-profit hockey clubs. Furthermore, Ontario already gives approximately \$20 M/ year of its lottery revenues to the federal government making Ontario by far the largest provincial contributor of lottery revenues to the \$52.4M federal lottery pool. To provide any more provincial lottery revenue is not feasible. If the federal government wants to provide direct cash support with the money already given to them by the provinces, that is your decision.

## Provincial Lotteries, 1996-97

(Canadian Dollars)

	<u>Sports-Related Lottery Sales</u>	<u>Sales Attributable to Hockey</u>
BC Lottery Corporation	\$ 21,460,000	\$ 10,730,000
Western Canada Lottery Corporation	\$ 59,865,000	\$ 29,933,000
Ontario Lottery Corporation	\$202,208,000	\$101,104,000
Loto Quebec	\$ 50,001,000	\$ 25,000,000
Atlantic Lottery Corporation	\$ <u>10,100,000</u>	\$ <u>5,050,000</u>
	\$343,634,000	\$171,817,000

Source: Compiled from data contained in Annual Reports of Provincial Lottery Corporations, 1996-97 and Industry Canada calculations. Sports in Canada, Report of the Sub-committee on the Study of Sport in Canada. November 1998.



ATTACHMENT C

NHL MAJOR LEAGUE PLAYER COSTS  
(MILLIONS OF CANADIAN DOLLARS)

AVERAGE MAJOR LEAGUE PLAYER COSTS PER TEAM

SEASON	CANADIAN TEAMS \$MM	% OF U.S. TEAMS	U.S. TEAMS 1 \$MM	ALL TEAMS \$MM
1990/91	\$5.9	80.5%	\$7.4	\$7.0
1991/92	8.3	77.4%	10.7	10.0
1992/93	10.2	68.4%	14.9	13.4
1993/94	16.2	81.8%	19.9	18.8
1994/95	14.8	86.6%	17.0	16.4
1995/96	26.9	91.7%	29.3	28.7
1996/97	29.5	81.2%	36.3	34.7
1997/98	39.0	87.0%	44.9	43.5
1998/99	43.3	84.4%	51.3	49.5

1 U.S. dollars converted to Canadian dollars using an average exchange rate for the year.

ATTACHMENT B

LOCAL CANADIAN BROADCASTING REVENUES  
(MILLIONS OF CANADIAN DOLLARS)

AVG % INCREASE PER YEAR		1994						1999 <sup>2</sup>	TOTAL	AVG/TEAM
		1995 <sup>1</sup>								
	BEFORE	1996	1997	1998	1999 <sup>2</sup>	1994	1995 <sup>1</sup>	1996	1997	1998
	AFTER					37.9	22.7	39.1	33.9	35.6
						4.7	2.8	5.6	5.7	5.9
										7.2
										6%
										22%

<sup>1</sup> NHL work stoppage season (48 out of 82 games where played)

<sup>2</sup> Year one of the new Canadian national broadcasting deal with Labatt/CBC

## NHL CURRENCY ASSISTANCE PROGRAM

SUBSIDIES PAID TO CLUBS:		PHASE I		PHASE II	
	Winnipeg (re: Keith Thachuk)	2,235,936	CDN		
1995-96				2,433,183	CDN
1996-97				3,424,658	CDN
1997-98				3,951,567	CDN
1998-99				3,176,015	CDN
TOTAL				12,985,423	CDN
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				3,176,015	CDN
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BUNDING BY TEAM:

## PHASE I

### All Teams

PHASE II  
- U.S. TEAMS

Top 2/3 of Revenues  
Bottom 1/3 of Revenues

## CANADIAN TEAMS -

Middle 1/3 of Revenues  
Bottom 1/3 of Revenues

1 Maximum USD\$7 million

And, as discussed in more detail above, we believe this deficiency can be addressed without materially altering or draining amounts currently directed to the public purse through a combination of minor adjustments to the tax treatment of Canadian Clubs and/or their buildings, Club-specific initiatives sponsored by relevant governmental authorities, and, most importantly, through a government-sponsored initiative to share hockey-related lottery revenues with the NHL. Indeed, depending on the magnitude of lottery-generated revenues that can be directed to the NHL and its Clubs, and the amount of additional revenue that can be generated through the contribution of NHL marks, logos, and other intellectual property rights to the lotteries, it is conceivable that the currency exchange deficiency of the Canadian Clubs can be eliminated entirely without any significant modification to current tax laws.

In terms of the duration of the assistance required, it would seem necessary that the various measures selected to address the burdens confronting Canadian Clubs be continued at least through the 2003-04 season, when the current Collective Bargaining Agreement expires. At that point, it would seem appropriate, and indeed the NHL would welcome, a re-examination of selected assistance programs to determine whether the "need" that clearly exists now is likely to continue to exist in the future.



regional and provincial economies. By considerable amounts, the two NHL franchises have a large economic impact within the province."

These economic benefits enjoyed by various levels of government in Canada through tax revenue and indirect economic spin-offs are perhaps "too rich" to be sustained for the long-term. The simple fact is that, in a very competitive international marketplace, the Canadian Clubs are strangling under heavy tax burdens that are grossly disproportionate both to the respective Clubs' total revenues, and to the relatively minor tax burdens borne by their U.S.-based counterparts. And, while the current tax burdens may have been appropriate to the relative economic health of the professional hockey industry in Canada at some historical point in time, the current -- and indeed, vastly different -- landscape in which the Canadian Clubs now operate simply renders their current tax burden unfair. Accordingly, some adjustment to these tax burdens in the near-term may be the only way to ensure a continuing flow of tax revenue to the various relevant levels of Canadian government for the long-term.

In this respect, we would suggest a re-evaluation of property and realty tax levels by the relevant municipalities; an elimination of unfair and illogical provincial taxes such as the Amusement Tax in Ontario which treats NHL hockey as "non-Canadian entertainment;" and the exploration of meaningful tax incentives at the federal level, such as an accelerated capital cost allowance for the over \$1 billion investment in public infrastructure that the six Canadian Clubs, combined, have made in the last decade (of course, in order to provide a meaningful benefit, some provision must also be made for the transferability of the tax credit created).

C. Other Sources: Participation in lottery-generated revenues and a restructuring of certain tax burdens are not the only means by which meaningful assistance can be provided to the Canadian Clubs. The federal and provincial governments should also commit themselves to working with the NHL, and, if necessary, the NHLPA, to establish new sources of revenue that can be directed to the benefit of the Canadian Clubs. Similarly, the provincial and municipal governments should actively explore creative ways to solve problems which are unique to individual Clubs -- property taxes in Montreal, Toronto and Ottawa; public infrastructure costs in Ottawa; amusement taxes in Toronto and Ottawa; private arena financing and support costs in every NHL city in Canada; etc.

## V. LEVEL AND DURATION OF ASSISTANCE REQUIRED

One logical measure of assistance would be to subsidize some portion of the currency exchange deficiency presently facing the Canadian Clubs. That deficiency, which currently ranges in the magnitude of \$10-\$15 million annually per Club, is a fair and logical measure (although, due to the other burdens, an understated measure) of the handicap each Canadian Club faces vis-a-vis their U.S. counterparts. Only through an elimination or substantial reduction of this deficiency can the Canadian Clubs remain competitive (and, in some cases, viable) through the term of the current Collective Bargaining Agreement.

its share of hockey-attributable lottery funds to further support amateur hockey in Canada.

Moreover, in connection with any decision to direct some portion of provincial and/or federal lottery revenues to help fund additional assistance for Canadian Clubs, the NHL is willing to explore ways to help increase the sale of lottery tickets and, in turn, generate substantial additional revenues. Specifically, by contributing its marks and other intellectual property rights alone, the League believes it could generate substantial incremental revenue for the lotteries, all of which revenue obviously would be attributable entirely to the League and its Clubs. Nonetheless, provided the League was satisfied it was receiving "fair value" for its contribution to the lotteries as now constituted, the League would likely also be willing to share on a 50-50 basis any incremental revenue that is generated as a result of the NHL's contribution of its marks and logos.

Finally, it should be noted and understood that because the intellectual property rights of the League and its Clubs are held collectively by all 28 NHL Clubs (including 22 U.S.-based Clubs), any monies directed to the League from the sale of lottery tickets attributable to NHL hockey, as well as any additional monies which are directed to the NHL for the contribution of its marks to enhance the sale of lottery tickets, are rightfully the property of all NHL Clubs collectively. In connection with its ongoing efforts to find new ways to assist its Canadian franchises, however, the NHL would be prepared to ask the U.S.-based Clubs to contribute to the Canadian Clubs 100% of their share of any such lottery revenues directed to the NHL so that any such assistance would inure entirely to the benefit of the six Canadian Clubs.

B. Tax Assessments. Each of the municipal, provincial, and federal governments in Canada benefit directly from the presence of NHL Clubs through the receipt of substantial tax revenues. At the municipal level, tax revenues are collected primarily from property and realty taxes (which in all cases are substantially higher than the taxes assessed to similarly situated U.S. Clubs by their U.S. municipalities). At the provincial level, tax revenues are collected from income and sales taxes, paid both by the Clubs and by their employees. And, at the federal level, significant taxes are generated again principally from the Clubs' employees, who obviously include highly-paid professional athletes, and from GST tax.

In addition, all three levels of government benefit indirectly from the positive economic impact that the presence of a professional sports franchise can bring to a city, province, and indeed, to a country. Although questioned by some, this substantial impact has, in fact, been measured by one of the provincial governments when, in 1994, the Alberta Government commissioned the Professional Sports Policy Committee to assess the economic impact of the Calgary Flames and Edmonton Oilers on the Province of Alberta. That Committee found combined economic benefits to the local and provincial economies from the Flames and Oilers of approximately \$178 million, and concluded that: "professional sports franchises in Alberta contribute extensively to local,



C. Commitment Against Canadian Club Relocation: In connection with a commitment by the various stakeholders to provide meaningful assistance to the Canadian Clubs, the League would ask the Canadian Clubs to demonstrate their commitment to finding ways to remain viable in Canada by undertaking not to apply to relocate their franchises outside of Canada through the 2003-04 season.

D. Contribution of Intellectual Property Rights to Government-Sponsored Lotteries: As discussed in more detail below, in connection with a decision to direct some portion of provincial and/or federal lottery revenues to help fund additional assistance for Canadian Clubs, the NHL is willing to consider granting the provinces the right to use team logos, marks, and other intellectual property rights in connection with government-sponsored lotteries in order to help increase the sale of lottery tickets and, in turn, generate what we believe would be substantial additional revenues.

#### IV. PROPOSED STAKEHOLDER CONTRIBUTIONS

As set forth above, the NHL and the Member Clubs are more than willing to continue to implement self-help initiatives designed to address the significant competitive disadvantages faced by the Canadian Clubs. These initiatives, however, cannot by themselves be expected to sufficiently address the competitive disadvantages now confronting the Canadian Clubs. Accordingly, for purposes of facilitating a discussion as to other private and/or public policy initiatives that may be implemented to help address these disadvantages, we have attempted to identify several specific areas where meaningful assistance can be sourced and provided to the Canadian Clubs by other stakeholders.

A. Lottery Revenues: For the past decade, a number of the Canadian provinces have sponsored lotteries premised on the outcome of NHL games, which lotteries have generated tens of millions of dollars annually. Neither the NHL nor any of its Member Clubs have ever shared in any of these lottery proceeds, nor have they been otherwise compensated for the fact that the product the Clubs collectively pay almost \$2 billion annually to produce (and, indeed, that many teams are losing money producing) is being exploited at no cost to the lotteries. Not only are such practices grossly unfair (particularly given the current economic condition of professional hockey in Canada), but they also may be violative of applicable laws protecting the League's intellectual property rights in its schedule, as well as in the results of its games.

We believe that the NHL is clearly entitled to some material portion or percentage of the total sales of sports-related lottery tickets attributable to NHL hockey. We have reason to believe that in 1996-97 alone, the total sales across Canada of sports-related lottery tickets attributable to NHL hockey totalled approximately \$170 million. (See Attachment D.) Assuming 20% of these total sales should fairly be allocated to the NHL, and based on the 1996-97 figures, an additional \$34 million on an annual basis could and should be directed to the NHL on behalf of its Member Clubs. In such event, the NHL would be more than willing to consider dedicating a portion (e.g., 10 percent) of

D. Demonstrated Resolve to Control Player Costs: While a significant challenge facing all NHL Clubs today is the growth of player salaries, it bears mention that each of the Canadian Clubs has demonstrated over the past several years its own individual resolve to control its player payroll. Indeed, for each of the last nine years, the Canadian Clubs' average major league player payroll expenditure has been significantly lower than the average major league player payroll expenditure of the U.S. Clubs, and, in fact, has never exceeded 90% of such average. Since 1996-97, Canadian Clubs have spent on average \$6.9 million (CDN) less on major league player compensation (excluding player benefits and playoff bonuses) than have their U.S. counterparts: \$6.8 million (CDN) less in 1996-97; \$5.8 million (CDN) less in 1997-98; and \$8.0 million (CDN) less in 1998-99. (See Attachment C.) Thus, while there may be legal limits to what the Clubs can do collectively to control escalating player salaries, the Canadian Clubs increasingly have committed themselves, on an individual basis, to controlling their own costs.

### III. ADDITIONAL STEPS CONTEMPLATED IN CONNECTION WITH MEANINGFUL ASSISTANCE PROVIDED BY OTHER STAKEHOLDERS

The League recognizes that more must be done to address the competitive disadvantages faced by the Canadian Clubs and it is committed to continuing to explore additional initiatives in connection with meaningful assistance being provided by other stakeholders.

A. Continuation of Canadian Assistance Program: As discussed above, the NHL Board of Governors has recently approved the continuation of the Group II Equalization Plan and the Supplemental Currency Assistance Plan through the 1999-2000 season, and, if the other stakeholders are willing to agree to provide some form of meaningful assistance to the Canadian Clubs, the Clubs would be asked to commit to continue these programs at least through the end of the current Collective Bargaining Agreement in 2004.

B. Commitment to Address the Situation Through Collective Bargaining: The League is committed to achieving, in lawful collective bargaining with the NHLPA, a player system that will provide each Canadian Club with the ability both to remain strong and competitive on the ice, and to operate on a financially viable basis off the ice. The current Collective Bargaining Agreement, however, does not expire until September 2004. Accordingly, while efforts will continue to be made to dialogue with the NHLPA in an effort to effectuate changes in the short-term that may relieve the financial pressures NHL Clubs are experiencing, it is likely that any program of assistance will need to be of a sufficient duration to allow the Clubs the ability to survive and compete through the end of the current Collective Bargaining Agreement. The NHL fully recognizes, however, that there may be no appetite or willingness on the part of the Canadian public to continue any plan of assistance beyond 2004 if the NHL is unable to achieve a system in collective bargaining that is capable of substantially addressing the problems facing the Canadian Clubs.



- All NHL teams contribute in differing amounts to the pool that funds this program, depending on where they rank in the League in team revenues.

- Determinations for qualification for supplemental assistance are made annually, after the conclusion of each season.

- To date, \$42.1 million (CDN) has been distributed to Canadian Clubs under this program (1995-96: \$7.3 million (CDN); 1996-97: \$10.3 million (CDN); 1997-98: \$11.8 million (CDN); 1998-99: \$12.7 million (CDN)).

- The total amount of supplemental assistance available under this program increases each year to the same extent that overall League revenues increase (e.g., to the extent League revenues increase 1 percent in a given year, the total pool that funds this program also is increased by 11 percent).

- In each of the 1995-96, 1996-97, and 1997-98 seasons, Calgary, Edmonton, and Ottawa qualified for assistance. In 1998-99, Calgary, Edmonton, Ottawa, and Vancouver qualified for assistance.

- Continuation of the program after the 1999-2000 season is subject to approval by the NHL Board of Governors; however, the Clubs would be asked to commit to continuation of the program through the 2003-04 season if the other stakeholders are willing to agree to provide some form of meaningful assistance to the Canadian Clubs.

C. Restructuring of Canadian Television Rights: In 1998, the League fundamentally restructured its Canadian television rights, among other things, resulted in:

- increased Canadian national rights fees;
- more games available to the Canadian Clubs to sell as part of their local television packages;
- a larger home television territory to offer to potential rightsholders; and
- the generation of competition from regional sports networks for the sale of local television rights.

As a result of this restructuring, revenues generated from both local and national television in Canada were substantially enhanced for the Canadian Clubs beginning in 1998-99. (See Attachment B.)

foundation, but obviously have only begun to relieve the economic burdens which the Canadian Clubs currently face.

A. Group II Equalization Plan: This program establishes a fund designed to enhance the ability of Canadian Clubs to match offers made by U.S. teams to "Group 2" restricted free agents. Payments out of the fund offset the foreign exchange rate differential between a free agent player's previous salary and the salary offer made by a U.S. team for the services of such player.

- This program was adopted in July 1995 by the NHL Board of Governors and has been in effect from the 1995-96 season through present. In December 1998, the NHL Board of Governors voted unanimously in favor of continuing the program through the 1999-2000 season.

- The fund offers \$10.4 million (CDN) in annual assistance. All NHL teams -- Canadian and U.S. -- contribute equally to the fund.
- Eligible Canadian Clubs are those who rank in the bottom two-thirds of teams in the League in team revenues (based on URO results for the applicable season).

- Continuation of the program after the 1999-2000 season is subject to approval by the NHL Board of Governors; however, Clubs would be asked to commit to continuation of the program through the 2003-04 season if the other stakeholders are willing to agree to provide some form of meaningful assistance to the Canadian Clubs.

B. Supplemental Currency Assistance Plan: This program provides subsidies to Canadian Clubs whose revenues fall below the League's median, provided their revenues also are at least 80% of the League average (or, alternatively, the Canadian Club is able to demonstrate adequate levels of local support through the satisfaction of various criteria relating to ticket sales, dasherboard sales, and suite sales).

- This program was adopted in July 1995 by the NHL Board of Governors and has been in effect from the 1995-96 season through present. In December 1998, the NHL Board of Governors voted unanimously in favor of continuing the program through the 1999-2000 season.

References to "URO" results are to the League's Unified Report of Operations which is a comprehensive report on a team-by-team basis of financial results from each team's hockey operations.

## I. THE NHL'S COMMITMENT TO PROFESSIONAL HOCKEY IN CANADA

Canada is and always has been the heart of NHL hockey; to the extent that heart continues to weaken, the body it supports (the League as a whole) may survive, but in a far less vital condition. The National Hockey League recognizes and appreciates this basic yet fundamental premise, and is therefore singularly committed to take all practical steps necessary not only to maintain the League's healthy and viable presence in Canada for the long-term, but also to continue its constitutionally-mandated purpose of "[p]erpetuat[ing] hockey as one of the national games of . . . Canada." See NHL Constitution Article II. Given the magnitude of the financial burdens which the Canadian Clubs currently face, however, it has become increasingly apparent that the League and its Clubs cannot realistically be expected to resolve the present dilemma entirely by themselves. In order to perpetuate hockey, and more particularly, NHL hockey, as a preeminent feature of Canadian life, more needs to be done by all of the stakeholders -- not just the NHL -- to significantly improve the business environment in which Canadian Clubs operate, and to help level the playing field on which they are being asked to compete.

Specifically, while the reality may be harsh, it must be recognized that in the absence of governmental efforts to address the currency and taxation differentials that Canadian Clubs currently face, it is highly probable that in the very near term at least some of the Canadian Clubs will find it impossible to continue to operate in Canada. And, as to those Clubs that will remain in Canada, it is inevitable that they will become less and less competitive as they are forced to fill their rosters with inexperienced young players, or low-cost, beyond their prime veterans, in order to help off-set the other substantial costs that are associated with operating a professional hockey team in Canada.

## II. NHL INITIATIVES TO ASSIST CANADIAN CLUBS

The NHL has already implemented a number of League-sponsored initiatives to help address the competitive disadvantages currently facing the Canadian Clubs. As described in more detail below, self-help steps taken thus far include the League's "Group II Equalization Plan" and its "Supplemental Currency Assistance Plan," both of which are revenue sharing programs designed to help address the enormous competitive and financial challenges posed by the present currency differential between the U.S. and Canadian dollar. Both of these Plans are funded directly by all of its Clubs -- Canadian and U.S.-based Clubs alike -- and are indicative of the level of concern and support that the League and its Clubs have for the continued financial and competitive viability of the Canadian Clubs. (See Attachment A for a summary of the financial assistance provided pursuant to these Plans since their inception.) The League also has recently engineered the restructuring of television rights in Canada so as to maximize both national and local television revenue potential for each of the Canadian Clubs. Finally, Canadian Clubs have, on their own initiative, attempted to control their costs so as to help ameliorate present financial hardships. Together, these steps have laid a strong





**PROFESSIONAL HOCKEY IN CANADA: NHL SELF-HELP  
INITIATIVES AND PROPOSED STAKEHOLDER CONTRIBUTIONS**

**September 14, 1999**



### ANNEXE III – DOCUMENTS MIS EN ÉCHANGE PARMI LES INTERVENANTS PENDANT LA PÉRIODE DE CONSULTATIONS BILATÉRALES ET MULTILATÉRALES

Inclus à l'Annexe III sont des copies des documents suivants :

- 14 septembre 1999 – « Professional Hockey in Canada : Self-help Initiatives and Proposed Stakeholder Contributions » (Ligue nationale de hockey)
- 16 septembre 1999 – Lettre de l'hon. Ernie Eves (gouvernement de l'Ontario) à l'hon. John Manley (Industrie Canada)
- 29 septembre 1999 – Lettre de M. Bob Chiarelli (Municipalité régionale d'Ottawa-Carleton) à l'hon. Ernie Eves (gouvernement de l'Ontario)
- 12 octobre 1999 – Lettre de l'hon. John Manley (Industrie Canada) à l'hon. Ernie Eves (gouvernement de l'Ontario)



M. Bill Smith  
Maire d'Edmonton  
Ville d'Edmonton

M. Chris Trumpy

Sous-ministre

Ministère des Finances

Gouvernement de la Colombie-Britannique

L'honorable Gerry Weiner

Membre du Comité exécutif

Ville de Montréal



Public  
Policy  
Forum  
Forum  
des politiques  
publiques



## ANNEXE II – LISTE DES PARTICIPANTS – TABLE RONDE DU 28 JUIN

M. Brian Bellmore Gouverneur délégué Maple Leafs de Toronto	M. Stephen Bellringer Président et chef de la direction Orca Bay Sports & Entertainment Club de hockey Vancouver Lîée	M. Gary Bettman Commissaire Ligue nationale de hockey	M. Mario Bouchard Directeur général des sociétés de la couronne Gouvernement du Québec	M. Ron Bremner Président et chef de la direction Club de hockey des Flames de Calgary	M. Roderick M. Bryden Président du conseil et gouverneur Club de hockey des Sénateurs d'Ottawa	M. Robert (Bob) Chiarelli Président du conseil Municipalité régionale d'Ottawa-Carleton	M. Ronald Corey Gouverneur et président Le Club de Hockey Canadien Inc.	M. Ken Dryden Président et directeur général Maple Leafs de Toronto	L'honorable John Manley, c.p., député Ottawa Sud (Ont.), ministre, Industrie Canada Chambre des communes	M. Merle Nichols Maire de Kanata Ville de Kanata	M. Case Oates Vice-maire et conseiller d'East York Ville de Toronto	M. George Puil Conseiller municipal Ville de Vancouver	M. Glen Sather Président et directeur général Oilers Hockey Inc.	L'honorable Murray Smith Ministre du Jeu Gouvernement de l'Alberta
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notre sport d'hiver national. De plus, les paramètres sous-tendant la situation actuelle prennent forme de différentes façons d'une équipe à l'autre.

En raison de la complexité de la question, il faudra que toute solution envisagée soit fondée sur la coopération de tous les intervenants dans le hockey de la LNH au Canada. Le présent document ne propose pas de solution à adopter, ni de démarche à suivre, il expose l'interaction des questions que doivent prendre en considération les participants au processus.



#### 4.3 Cadre de la concurrence internationale

La concurrence internationale dans laquelle sont engagées nos équipes de hockey diffère de la rivalité que l'on observe entre les entreprises qui luttent pour s'accaparer une part des marchés d'exportation.

Les équipes de la LNH aux États-Unis, subventionnées à même les fonds publics, sont mieux en mesure d'embaucher les joueurs de haut calibre, qui commandent un salaire très élevé et qui sont hors de portée des équipes canadiennes – ainsi aux prises avec un désavantage concurrentiel permanent. Comme les équipes perdantes sont susceptibles d'éprouver de la difficulté à attirer suffisamment de partisans pour remplir leurs centres, les subventions dont jouissent leurs concurrents menacent donc leur viabilité.

#### 4.4 Répartition des ressources publiques

Bon nombre de gens estiment qu'il ne convient absolument pas d'utiliser les fonds publics en vue d'aider des équipes de sport professionnel ou de subventionner des joueurs de hockey ou des propriétaires d'équipe millionnaires, lorsque des enfants souffrent de la faim et que les soins de santé sont sous-financés. On pourrait toutefois recourir à ce type d'argument pour refuser de financer tout volet de ce que représente le vaste intérêt public, y compris les arts et la Société Radio-Canada. L'application de cet argument dans le cas des équipes de la LNH n'est donc pas nécessairement plus ou moins pertinent. En fin de compte, ce qui importe, c'est peut-être de préserver les rentrées de recettes fiscales et les avantages économiques régionaux qui sont beaucoup plus importants que les fonds publics en jeu.

#### 5. Principes d'action

Toute initiative visant à aider les équipes de la LNH devrait répondre à un grand critère fondamental : faire en sorte que la LNH demeure au Canada pendant longtemps. De plus, il serait souhaitable qu'une telle initiative soit fondée sur la contribution de toutes les parties pertinentes : le gouvernement fédéral, les gouvernements provinciaux, les administrations municipales, les dirigeants des équipes, la LNH et les joueurs. Cela ne veut pas dire que les parties devraient contribuer également à la mise en œuvre de l'initiative.

Il découle de la responsabilité commune une question connexe : déterminer si une telle initiative doit englober toutes les équipes et avoir une envergure nationale ou doit être limitée aux équipes où existe la situation voulue.

#### 6. Conclusion

Le présent document montre bien que les équipes de la LNH au Canada font face à une situation complexe. Manifestement, les intérêts économiques que comportent les sports professionnels au Canada sont étroitement liés aux importantes incidences culturelles de l'identité canadienne et de



De plus, le montant total perçu au titre de la taxe de vente par les six équipes canadiennes durant la saison 1996-1997 s'est chiffré à quelque 35 à 40 millions de dollars. Il convient aussi de noter que le hockey de la LNH n'est pas considéré comme un « divertissement canadien » en raison du volet international de la ligue, d'où l'obligation pour les deux équipes de l'Ontario de percevoir et de payer la taxe provinciale sur le divertissement de 10 p. 100 sur la vente des billets.

Les équipes de sport professionnel contribuent également de manière moins quantifiable à la vie économique des villes. Dans le contexte nord-américain, elles sont souvent considérées comme une valeur d'agrément urbain, qui témoigne du caractère de la ville, contribue à instaurer son esprit civique et signifie qu'elle est de « classe mondiale ». Un tel apport a concouru à susciter dans diverses villes américaines l'enthousiasme nécessaire pour attirer des franchises de la LNH malgré l'octroi d'importantes subventions à même les fonds publics. Cependant, des villes comme Winnipeg et Québec continuent de se développer malgré la perte de leur équipe de hockey.

En revanche, et en dépit de ces différents avantages perçus, les auteurs d'un certain nombre d'études menées aux États-Unis, y compris un rapport largement diffusé publié en 1997 par le Brookings Institute, ont conclu que sont exagérés les avantages économiques que procurent les installations et les équipes de sport professionnel. Dans le rapport du Brookings Institute, l'argument est résumé ainsi : « La majeure partie des dépenses engagées dans un stade remplacent les autres dépenses de divertissement local, comme celles dans les cinémas et les restaurants. Il en va de même pour l'essentiel des taxes perçues dans les stades : comme les autres entreprises de divertissement voient diminuer leurs activités, diminue aussi le montant des taxes perçues. »

#### 4.2 Importante de l'« identité nationale » ou culturelle

Il est indubitable que le hockey occupe une place spéciale dans la vie au Canada et dans notre mythologie intérieure, comme notre sport d'hiver national.

Selon un sondage national mené en mars 1999 par Decima Research, 72 p. 100 des Canadiens sont d'avis que le hockey « contribue à notre identité comme nation et nous définit comme Canadiens ». Seuls notre rôle comme gardiens de la paix (82 p. 100) et notre système de soins de santé (80 p. 100) se classent à un meilleur rang. De même, dans une enquête nationale menée par le magazine Maclean et demandant quelles sont les « choses qui nous lient ensemble », le hockey est arrivé au deuxième rang, précédé seulement par le système national de soins de santé. Le ministre de l'Industrie, John Manley, a d'ailleurs affirmé récemment : « À mon avis, le (hockey) fait partie intégrante de l'essence même de notre pays. Je crois qu'il serait tragique de perdre les équipes de la LNH. »

Un corollaire de cet aspect positif du hockey est l'incidence négative sur l'opinion publique à laquelle on peut s'attendre advenant que se succède relativement rapidement le départ de quatre des six équipes canadiennes de la LNH vers les États-Unis.



### 3.3 Traitement fiscal

Le traitement fiscal des équipes de hockey canadiennes diffère grandement de celui de leurs compétiteurs américains. Les équipes de hockey américaines paient des impôts fonciers et des impôts sur le capital minimums, et elles sont habituellement exemptées du paiement de la taxe de vente ou la paient à un taux réduit, tandis que les équipes canadiennes sont imposées à 100 pour cent.

En 1997, selon la LNH, les six équipes canadiennes ont payé 21,8 millions de dollars au titre de l'impôt foncier et de l'impôt sur le capital, comparativement à 4,1 millions pour les 21 équipes américaines.

### *4. Politique publique – Points à prendre en considération*

Selon les données statistiques précitées, il semble clair que la plupart des six équipes canadiennes éprouvent des difficultés et que leur situation financière diffère grandement de celle des équipes américaines.

Les arguments militent en faveur de la mise en œuvre d'initiatives du secteur public en vue de contribuer à assurer la viabilité des équipes de hockey canadiennes sur trois points : la contribution des équipes à l'activité économique ; l'importance de l'identité culturelle ou « nationale » du hockey professionnel au Canada; le cadre de la concurrence internationale de la LNH.

### 4.1 Contribution de la LNH à l'activité économique

Les six équipes canadiennes sont une importante source d'activité économique. Selon la LNH, elles assurent directement 8 600 emplois à temps plein et à temps partiel, ainsi que 3 000 autres emplois dans des industries connexes. Elles paient directement des salaires et des avantages sociaux ayant totalisé plus de 300 millions de dollars en 1997, et elles sont intervenues pour le paiement de 100 millions en salaires et en avantages sociaux dans des industries connexes.

En 1994, le Professional Sport Policy Committee, du gouvernement de l'Alberta, a étudié de plus près les incidences des équipes de la LNH sur l'activité économique. Il a conclu que les Flames de Calgary et les Oilers d'Edmonton ont donné lieu ensemble à des retombées économiques directes et indirectes totalisant plus de 117 millions de dollars par année à l'échelle locale. Il a exprimé en ces termes sa conclusion : « Les deux franchises de la LNH ont un impact économique important dans la province, qui se chiffre à des montants appréciables. »

Les recettes fiscales que génèrent ces équipes sont aussi considérables. Selon la LNH, en 1997, les six équipes canadiennes ont payé ou perçu 211 millions de dollars en impôts directs – tous les paliers de gouvernement. Les salaires des joueurs, uniquement, sont une source importante de recettes pour l'État, du fait que ces derniers sont imposés au Canada. Selon la LNH, le gouvernement du Canada reçoit environ 130 millions de dollars par année au titre de l'impôt sur le revenu et des charges sociales payés par la ligue et les employés, principalement les joueurs.

dollars US mais qui tire l'essentiel de ses revenus en dollars CAN. Conséquence ? Dans la foulée de l'importante diminution du taux de change, les six équipes de hockey canadiennes ont vu s'aggraver sérieusement leur situation financière.

Par exemple, la masse salariale des Sénateurs d'Ottawa en 1999, 22,5 millions dollars US, se chiffrerait à 27 millions de dollars CAN selon le taux de change observé en 1992 contre 34,2 millions de dollars CAN selon le taux enregistré cette année – soit un fardeau financier additionnel de 7,2 millions.

Il est peu probable que les équipes puissent combler un tel écart en haussant les prix des billets ou en augmentant les tarifs de la publicité, parce qu'elles risquent de faire baisser le nombre de spectateurs aux matchs ou de devenir un média de publicité non concurrentiel.

La LNH soutient que, en raison de l'écart de change, chaque équipe canadienne est désavantagée financièrement, un désavantage pouvant atteindre 16 millions de dollars CAN par année par rapport aux équipes américaines.

### 3.2 Coûts des immobilisations (centres sportifs)

Après les salaires des joueurs, le plus important poste dans le budget de chaque équipe de la LNH est l'exploitation du centre dans lequel elle joue.

À Ottawa et à Vancouver, il a fallu construire de nouvelles installations en vue d'acquiescer une équipe de la LNH. Pour leur part, les équipes de Montréal et de Toronto ont érigé récemment de nouvelles installations pour remplacer celles qui étaient considérées comme désuètes.

Dans les quatre cas, les installations ont été construites entièrement grâce à des capitaux privés. sans l'aide du secteur public. À Ottawa, en plus de payer les coûts du centre, les propriétaires du Centre Corel ont dû assumer la majeure partie des frais de construction d'un nouvel échangeur sur l'autoroute transcanadienne. À Edmonton et à Calgary, les équipes jouent dans des installations appartenant à des entités du secteur public, mais elles ont dû investir pour reprendre en main l'exploitation des installations et payer les rénovations.

En revanche, dans le cas des équipes américaines, le coût des nouvelles installations est habituellement subventionné, en totalité ou en partie, par les administrations de comté ou le gouvernement de l'État, ou les deux. Par exemple, selon la LNH, les installations érigées en Floride, à Nashville, à San Jose, à Anaheim et au Minnesota, ont été financées presque entièrement par le secteur public, tandis que celles à St. Louis, à Tampa Bay, à Buffalo, en Caroline, à Atlanta et à Dallas ont bénéficié d'une importante aide publique.





Le hockey professionnel est l'une des très peu nombreuses branches d'activité au Canada, avec le baseball et le basketball professionnels, qui doit payer la majeure partie de ses dépenses en CAN.

Parallèlement, environ 80 p. 100 des revenus des équipes canadiennes – qui proviennent de la vente des billets, des droits de télévision locaux et nationaux et de la publicité – sont en dollars. Les salaires des joueurs interviennent pour la majeure partie – environ 80 p. 100 – des frais d'exploitation de chaque équipe. Or, comme la plupart des équipes sont maintenant établies aux États-Unis et que 77 p. 100 des joueurs sont employés par des équipes américaines, les six équipes canadiennes doivent rivaliser avec ces dernières pour mettre sous contrat des joueurs qui commandent des salaires en dollars US.

### 3.1 Taux de change

Les équipes canadiennes soutiennent que ce qui distingue leur situation de celle des équipes américaines et qui met en péril leur avenir sont les trois principaux facteurs suivants : le taux de change, le traitement des coûts de construction des centres sportifs et le fardeau fiscal. L'escalade incessante des salaires des joueurs est un facteur important expliquant les difficultés financières qu'éprouvent les équipes de hockey canadiennes. En 1990-1991, le salaire moyen dans la LNH s'élevait à 276 000 \$ US, comparativement à 1 167 113 \$ US, en 1997-1998. Cette escalade exerce des pressions de plus en plus intolérables sur les coûts que doivent assumer la totalité des équipes, à l'exception de celles jouissant d'un vaste marché. Ce problème n'est pas, bien sûr, *particulier* aux équipes canadiennes ; il touche à toutes les équipes de la ligue. Même une baisse appréciable des salaires ne contribuerait pas à améliorer la position concurrentielle des équipes canadiennes par rapport aux équipes américaines – cependant, si les revenus demeureraient les mêmes, cela concourrait certainement à améliorer leur rentabilité individuelle. Un certain nombre de facteurs sont à l'origine de la situation actuelle.

### 3. Paramètres

Plusieurs facteurs clés à l'origine des problèmes financiers avec lesquels sont aux prises les équipes canadiennes – plus particulièrement, l'escalade des salaires des joueurs – influent également sur les activités des autres équipes de la LNH. Cependant, les équipes canadiennes soutiennent, de manière documentée, que leur situation est uniquement précaire parce qu'elles doivent composer avec un certain nombre de facteurs qui ne s'appliquent pas aux équipes américaines. vraisemblablement de plus en plus difficile pour les équipes canadiennes de rivaliser efficacement avec les autres équipes de la ligue. En présentant aux partisans des équipes perdantes, progressivement plus faibles, tout en devant hausser les prix des billets pour survivre, les propriétaires risquent de voir diminuer le nombre de spectateurs – ce qui entraînerait une diminution des revenus, continuant à aggraver le problème.



## LA LIGUE NATIONALE DE HOCKEY AU CANADA

### 1. Introduction

La Ligue nationale de hockey (LNH) compte actuellement six équipes canadiennes et 21 équipes américaines (24, à compter de la saison 1999-2000). Les six équipes canadiennes – Montréal, Ottawa, Toronto, Edmonton, Calgary et Vancouver – sont d'avis qu'il est peu probable qu'elles puissent assurer leur viabilité à long terme au Canada, à moins que ne s'améliore sensiblement leur situation financière.

La principale question que soulève cette situation est la suivante : « Dans le dossier, quels motifs sont suffisamment inhabituels ou distincts, si tant est qu'il y en ait, pour justifier l'intervention des différents intervenants ?

Le présent document a pour objet d'étayer les paramètres de la situation à laquelle font actuellement face les équipes de la LNH au Canada, et ce, afin de permettre aux intervenants de débattre de manière informée des initiatives visant à assurer la viabilité à long terme des équipes canadiennes et d'établir, en particulier, le bien-fondé de l'intervention du secteur public dans ce dossier.

### 2. Contexte

Dans le cas de quatre des équipes canadiennes de la LNH – Ottawa, Edmonton, Calgary et Vancouver –, les préoccupations sont immédiates. En fait, le propriétaire des Sénateurs d'Ottawa a déclaré publiquement qu'il perd sept millions de dollars par année et qu'il entend amorcer un processus visant à vendre son équipe et à la relocaliser aux États-Unis, à moins que ne soient prises d'ici la fin de l'été des mesures propres à améliorer sa situation financière.

La cinquième équipe, les Canadiens de Montréal, est aux prises selon la LNH avec des « pressions financières importantes » et se trouve dans une situation « insatisfaisante ». Seuls les Maple Leafs de Toronto n'éprouvent pas de difficulté immédiate, mais la LNH affirme que les mêmes facteurs qui nuisent aux autres équipes pourraient éroder progressivement la capacité de Toronto de rivaliser efficacement avec ses concurrents.

La LNH soutient que pour les saisons 1996-1997 et 1997-1998 combinées, les six équipes canadiennes ont subi des pertes avant impôts – confirmées par une vérification indépendante – totalisant 170 millions de dollars.

Même dans un scénario plus « optimiste », où la plupart des équipes demeureraient au Canada dans les conditions actuelles, leur situation financière pourrait mener ultérieurement à d'autres difficultés. Sans les fonds nécessaires pour attirer et garder les joueurs de haut calibre, il sera



Le but sous-jacent des consultations bilatérales était de déterminer s'il était possible que les différents intervenants corrigent conjointement la situation actuelle et de déterminer la faisabilité d'une *solution commune*. Ainsi, une *solution commune* exigerait que tous les intervenants contribuent directement pour aider toutes les équipes canadiennes à surmonter leurs difficultés financières actuelles. Bien que ce concept n'exige pas explicitement un partage égal du fardeau entre toutes les parties, il faudrait que chacun des principaux intervenants convienne d'offrir une aide équitable et substantielle pour assurer l'avenir des équipes de la LNH au Canada.

Jusqu'à présent, chacune des parties consultées a donné au Forum des politiques publiques sa réponse sur son rôle ou sa contribution par rapport à une éventuelle solution commune. L'analyse des consultations permet d'établir quatre catégories de réponses :

1. L'intervenant en question reconnaît le problème, mais pense que la solution est entre les mains d'autres parties.

- Cette réponse a été donnée par le gouvernement de la Colombie-Britannique, les villes de Toronto et de Vancouver et par l'AJLNH.

2. L'intervenant en question pense qu'il a déjà fait sa part, qu'il continuera à faire sa part, mais qu'il n'est en mesure d'offrir aucune contribution supplémentaire directe.

- Cette réponse a été donnée par le gouvernement de l'Alberta, les villes d'Edmonton et de Calgary et par la Ligue nationale de hockey.

3. L'intervenant en question pense que le problème justifie une intervention et il contribuera à sa résolution à condition que toutes les parties fassent de même.

- Cette réponse a été donnée par le gouvernement fédéral, le gouvernement de l'Ontario, la ville de Kanata et la Municipalité régionale d'Ottawa-Carleton.

4. L'intervenant en question ne souhaite pas participer à une solution commune, mais pourra choisir d'agir indépendamment.

- Cette réponse a été donnée par le gouvernement du Québec.

Pour le moment, le Forum sur les politiques publiques est d'avis que les éléments d'une *solution commune* constituée des contributions de tous les principaux intervenants pour assurer la viabilité économique future des six équipes canadiennes existantes ne peuvent être obtenus à partir des contributions actuelles. Les discussions et l'entente sur cette *solution commune* devaient servir de base à une deuxième réunion des intervenants. Compte tenu de la diversité des réponses susmentionnées, données par les principaux intervenants lors des consultations bilatérales, le Forum des politiques publiques juge inutile la tenue d'une deuxième table ronde réunissant les intervenants.

Durant la période de consultation, ont été soulevées un certain nombre d'autres questions qui ont pour effet de subordonner la possibilité d'une solution commune à d'importantes conditions.

- **Défis multiples** – Même si la viabilité financière globale des équipes canadiennes de la LNH est à l'origine du problème, il n'en demeure pas moins que les défis auxquels font face les équipes varient d'un endroit à l'autre. Par conséquent, les conditions du succès - ou de l'échec - du processus basé sur une solution unique pour les six équipes demeurent obscurs.
- **Opinion publique** – Le Forum des politiques publiques n'a pas mené de sondage officiel auprès du public à ce sujet, mais un examen des résultats des enquêtes récentes et des divers commentaires du public révèle que les Canadiens demeurent très hésitants à souscrire à l'idée de l'apport d'un soutien public, sous forme d'aide fiscale ou de contribution financière directe, aux équipes de la LNH, particulièrement compte tenu de l'escalade des salaires des joueurs observée ces dernières années.
- **Engagement de la ligue** – Bon nombre d'intervenants sont d'avis que, compte tenu de l'escalade des salaires des joueurs de hockey professionnels, la LNH et l'AJLNH devraient contribuer directement et sensiblement à l'adoption d'une solution commune.
- **Disposition de temporisation** – Il a été recommandé à plusieurs reprises d'assortir toute solution d'une « disposition de temporisation », qui pourrait coïncider avec la fin de la convention collective des joueurs en 2004, vu que la situation financière des équipes pourrait changer radicalement au cours des quatre à cinq prochaines années.
- **Rapport financier** – Avant qu'il soit décidé d'apporter un soutien, les équipes devraient être tenues de prouver qu'elles ont besoin d'une aide financière et qu'elles ont géré leurs activités de manière responsable sur le plan financier. Cela implique l'existence d'un processus de rapport financier clair et responsable.
- **Sport amateur** – Plusieurs intervenants sont d'avis que l'apport d'une aide financière aux équipes de hockey professionnel devrait être lié à l'apport d'un soutien au sport amateur, afin que l'aide soit jugée plus acceptable par le public.
- **Faits récents** – Depuis le début de ce processus, les administrateurs des Canucks de Vancouver ont déclaré publiquement qu'ils seraient disposés à mettre l'équipe en vente au cours des mois à venir, en vue de relocaliser l'équipe avant le début de la saison de hockey 2000-2001 (octobre 2000).

4. **Droits de télévision**
  - **Radiodiffusion directe à domicile** – La création d'une réseau privé de radiodiffusion directe à domicile du hockey contribuerait à générer des revenus additionnels dans le domaine des marchés régionaux, tout en contrebalançant l'effet du marché gris des distributeurs de satellites étrangers. Elle nécessiterait la modification de la réglementation fédérale pertinente et des droits de télévision.
  - **Répartition des revenus** – La totalité des revenus tirés de la télédiffusion nationale du hockey de la LNH sont répartis également entre les équipes de la ligue. Il a été proposé d'augmenter le montant remis aux équipes canadiennes et provenant des revenus générés au Canada, avant que le reste soit confié à la LNH pour la répartition générale. Il est à noter que les revenus tirés de la télédiffusion du hockey aux États-Unis sont plus élevés que ceux qui sont générés au Canada, et qu'ils semblent continuer à croître alors que le marché canadien est saturé (mis à part le potentiel qu'offre la création d'un réseau de radiodiffusion directe).
5. **Programmes de la LNH**
  - La LNH s'est dite disposée à poursuivre ses programmes actuels, mais elle n'est pas prête à les élargir. Certains intervenants souhaitent que la LNH accroisse l'aide qu'elle apporte au moyen de ses programmes. On doute, toutefois, que ces derniers permettent de verser des montants importants aux équipes canadiennes. De même, peu estiment que la LNH va envisager d'élargir ses programmes.
6. **Souvenirs commémoratifs**
  - **Timbres** – Dans le passé, Postes Canada a produit des timbres spéciaux en vue de recueillir des fonds, mais les résultats ont été peu encourageants. Il faudrait, de plus, adopter une loi spéciale pour permettre la production d'un timbre spécial.
  - **Pièces de monnaie** – Parmi les options envisagées, l'option numismatique, c'est-à-dire vendre des pièces de collection en vue de générer des revenus pour la LNH, est la plus viable.
  - La LNH craint que l'adoption de cette option ne permette de générer qu'une faible partie des revenus nécessaires pour régler la situation à laquelle font actuellement face les équipes canadiennes.
  - L'AJLNH contrôle uniquement le droit d'auteur de la commercialisation de l'image des joueurs *actuels* de la LNH.
7. **Réunions régulières des intervenants**
  - Mis à part le fait que les différents intervenants jugent la situation plus ou moins urgente, les intérêts souscrivent généralement à l'idée que le gouvernement fédéral s'emploie à faciliter la tenue de réunions régulières en vue de poursuivre les discussions sur le soutien de la viabilité future des équipes canadiennes de la LNH.



fiscale spéciale dont jouit le Brampton Battalion, une nouvelle équipe de la Ligue de hockey de l'Ontario.

- **Autres taxes municipales** – À l'extérieur de l'Ontario, les autorités sont peu favorables à la modification des taxes municipales. Actuellement, les villes de Calgary et d'Edmonton ne perçoivent pas des taxes considérées comme démesurément élevées par les équipes de hockey, et la ville de Vancouver est peu disposée à envisager de réduire les impôts fonciers des Canucks.
- **Taxe de vente** – Il a été proposé d'étudier l'incidence de la taxe canadienne sur les produits et services, qui contribue à favoriser la compétitivité des fabricants au Canada, depuis qu'elle a remplacé la taxe sur les ventes des fabricants, et qui fait en sorte que les produits canadiens sont moins dispendieux sur les marchés étrangers, en vue de déterminer les désavantages pour les équipes de sport canadiennes par rapport aux équipes installées aux États-Unis.
- **Taxe sur le divertissement** – Plusieurs des parties consultées ont recommandé que le gouvernement de l'Ontario revoit l'assiette de la taxe sur le divertissement qu'il perçoit sur les parties de hockey de la LNH à Toronto et à Ottawa.

### 3. Loteries sportives

- Les jeux et paris (loteries) sont de compétence fédérale en vertu de l'article 27 de la Loi constitutionnelle de 1867. Cependant, le gouvernement fédéral a délégué aux provinces son pouvoir en matière de loteries dans le cadre d'un contrat signé par les gouvernements fédéral et provinciaux, en juin 1985, et selon les modifications qui ont été apportées au Code criminel. Ainsi, les provinces peuvent conduire et administrer des systèmes de loterie sur leur territoire; elles peuvent également autoriser des organismes à remplir ces fonctions. Le domaine des loteries relève nettement des autorités provinciales selon l'accord de 1985. Cet accord a également pour effet d'empêcher le gouvernement fédéral de réintégrer le domaine des loteries et de veiller à ce que les droits des provinces à cet égard ne soient ni réduits ni restreints.
- Un certain nombre d'équipes, ainsi que la LNH, sont favorables à l'option du recours aux loteries sportives. Certains représentants des provinces, cependant, estiment qu'il est peu probable que l'adoption de cette option permette régler le problème, vu que les frais d'administration de telles loteries sont relativement élevés par rapport à ceux d'autres formes de jeu. Les revenus à en tirer et à répartir risquent donc d'être beaucoup moins élevés que ceux auxquels s'attendent les équipes.
- De plus, les gouvernements provinciaux ne sont pas favorables, en général, à la répartition de leur part des revenus provenant des loteries sportives. Les représentants des provinces ont suggéré que le gouvernement fédéral envisage de remettre une partie de sa part aux équipes canadiennes.
- Si ses logos et symboles étaient utilisés en vue d'augmenter les revenus tirés des loteries sportives, la LNH serait disposée à partager à parts égales (50-50) avec les organismes provinciaux de sport amateur et les autres programmes communautaires les revenus supplémentaires ainsi générés dans chacune des provinces. Elle a ajouté que les équipes américaines de la ligue seraient vraisemblablement prêtes à renoncer à leurs droits sur de tels revenus en faveur des équipes canadiennes.







- La LNH a proposé de partager à parts égales (50-50) les revenus supplémentaires générés dans chacune des provinces par l'utilisation de ses logos et symboles à cette fin. En d'autres termes, si un programme de marketing des loteries actuelles permettrait d'augmenter les revenus générés par celles-ci, elle partagerait la moitié du supplément avec les programmes de sport amateur et les autres programmes communautaires au Canada. Elle s'emploierait également à faire en sorte que les droits liés aux revenus soient partagés entre les six équipes canadiennes, ce qui nécessiterait l'obtention de l'accord du groupe des équipes américaines. Advenant l'adoption d'une solution commune, la LNH ferait des démarches auprès de ses équipes pour qu'elles s'engagent à demeurer au Canada jusqu'à la fin de la présente convention collective. Elle a aussi reconnu que les modalités d'une telle solution devraient être partagées également entre les six équipes canadiennes.
- ALNH
- Les discussions préliminaires tenues avec l'AJLNH, et les propos de ses représentants à la table ronde le 28 juin, montrent que l'AJLNH est favorable au concept d'une solution commune. L'AJLNH a aussi alors fait savoir que les joueurs canadiens faisant partie de la ligue souhaitaient assurer la viabilité de la LNH au Canada.
  - L'AJLNH a fait observer que la reconnaissance de la LNH comme une industrie nord-américaine unique est une étape importante dans la compréhension des paramètres de la question.
- Section 2 – Discussion des options*
- Le Forum des politiques publiques a reçu nombre de commentaires sur les options qui ont fait l'objet de discussions lors de la table ronde le 28 juin et qui visent à améliorer la situation financière des équipes canadiennes de la LNH. La présente section donne un aperçu des commentaires formulés par les intervenants en ce qui concerne chacune des options, ainsi que, dans certains cas, de l'information additionnelle sur les paramètres qui pourraient affecter l'utilisation de cette option.
1. Dialogue sur le commerce
    - Les intervenants consultés jusqu'à présent sont d'avis qu'ils n'ont aucun rôle à jouer dans le dialogue commercial international. Il n'en demeure pas moins que bon nombre ont recommandé que de telles discussions aient lieu avec les États-Unis, particulièrement compte tenu de la forme très différente de l'aide publique apportée au sport professionnel dans ce pays.
  2. Fiscalité
    - **Ontario** – Les autorités sont favorables dans une certaine mesure à l'examen de la structure fiscale s'appliquant aux centres sportifs. A fait l'objet de discussions la possibilité de créer une situation fiscale spéciale pour de tels centres, ce qui contribuerait à réduire le montant des taxes à payer. Il a été proposé d'étudier comme modèle possible la situation

## Edmonton

- La ville d'Edmonton tient elle aussi absolument à garder l'équipe, et elle aide déjà l'équipe en lui faisant grâce de l'impôt foncier et en lui octroyant une contribution de 10 M\$ aux fins de la rénovation du Edmonton Skyreach Center.
- Note additionnelle concernant Calgary et Edmonton

- Les villes d'Edmonton et de Calgary ont fait appel à un consultant et lui ont donné comme mandat d'envisager la possibilité de créer une loterie sportive locale, c'est-à-dire d'émettre des obligations en vue de recueillir des fonds visant à couvrir les coûts des immobilisations assumées par les trois équipes de sport professionnel dans chaque ville (hockey, baseball, football).

## Toronto

- La ville de Toronto estime qu'elle n'a pas à contribuer à la bonne marche des activités de l'équipe, vu que les Maple Leafs sont viables financièrement.
- Elle ne souscrit pas non plus à l'idée de permettre aux villes d'apporter une aide fiscale spéciale, étant donné que Toronto est avantagé par la structure fiscale actuelle.

## Kanata/Municipalité régionale d'Ottawa-Carleton

- La ville de Kanata et la municipalité régionale d'Ottawa-Carleton appuient la demande de réévaluation des impôts fonciers du Centre Corel, et ce, même si cela réduira les recettes fiscales des deux ordres de gouvernement. (Voir la lettre de M. Bob Chiarelli à l'hon. Ernie Eves, Annexe III.)

## Ville de Montréal

- Malgré l'intérêt manifesté par l'administration de la ville, le Forum des politiques publiques n'est pas parvenu à tenir des consultations bilatérales avec la ville de Montréal, en raison principalement de conflits d'horaire.

## (d) Ligue et joueurs

Le Forum des politiques publiques a mené des consultations auprès des représentants de la Ligue nationale de hockey (LNH), et il a amorcé des discussions avec l'Association des joueurs de la Ligue nationale de hockey (ALNH).

## Ligue nationale de hockey

- La LNH a proposé de prolonger deux de ses programmes actuels, le régime de péréquation du Groupe II et le régime d'aide supplémentaire en devise, jusqu'à la fin de la présente convention collective (2004). Elle soutient qu'elle n'est pas en mesure d'élargir ses programmes existants. (Voir « Professional Hockey in Canada: NHL Self-help Initiatives and Proposed Stakeholder Contributions », Annexe III.)
- La LNH va continuer à s'employer à soutenir les équipes canadiennes, d'une part, en répartissant comme il convient les droits de télévision et, d'autre part, en faisant preuve de sa détermination en vue de contrôler les coûts qu'entraînent les salaires des joueurs.





- Le gouvernement du Québec n'est pas favorable à l'idée de consacrer une part des revenus tirés des loteries sportives à une solution commune, en partie parce que le rendement sur l'investissement est déjà beaucoup plus faible dans le cas des loteries sportives que dans celui des autres loteries.
  - On note que la montée en flèche des salaires des joueurs rend difficile une contribution publique à une solution éventuelle et que le gouvernement espère qu'on cherchera à freiner la hausse des salaires.
- Ontario
- Le gouvernement de l'Ontario a indiqué qu'il n'était prêt à contribuer qu'à une solution commune, à laquelle participeraient directement tous les intervenants. (Voir la lettre de l'hon. Ernie Eves à l'hon. John Manley, Annexe III.)
  - Cette province n'est pas d'accord avec l'idée de répartir sa part des revenus des loteries sportives en vue d'une solution commune car elle transmet actuellement une quantité substantielle de ces revenus au gouvernement fédéral et qu'il ne serait pas possible d'augmenter cette part. De plus, le gouvernement de l'Ontario s'inquiète que de nouvelles loteries sportives dont les revenus seraient dirigés en partie ou en total vers l'appui aux équipes canadiennes de la LNH viendraient réduire les revenus actuellement remis aux organismes à but non lucratif.
  - Le gouvernement de l'Ontario se dit prêt à envisager une réduction des impôts fonciers dans le cas des installations destinées au sport professionnel, mais une telle mesure exigerait la participation et l'appui des municipalités concernées.
  - Le gouvernement de l'Ontario a aussi suggéré que le gouvernement fédéral revoit la décision de la CRTC refusant l'établissement d'un réseau consacré au hockey.
- (c) Administrations municipales**
- Le Forum des politiques publiques a consulté cinq des six intervenants municipaux concernés. La présente section donne un aperçu des résultats de ces consultations.
- Vancouver
- La ville de Vancouver veut que les Canucks demeurent à Vancouver. Elle hésite cependant à alourdir le fardeau fiscal des autres entreprises en vue de réduire les taxes payées par l'équipe.
- Calgary
- La ville de Calgary tient absolument à garder l'équipe; d'ailleurs, elle aide déjà l'équipe en lui faisant grâce de l'impôt foncier.





- Le gouvernement du Québec prévoit concentrer ses efforts sur l'aide qu'il donnera aux Canadiens de Montréal, en coopération avec la Ville de Montréal et l'équipe elle-même. Il a aussi l'impression d'avoir du temps à consacrer à l'élaboration d'un dossier sur ce sujet. Ceci est dû en partie au fait que, malgré la pression exercée sur les gouvernements pour qu'ils aident financièrement des équipes de l'extérieur de la province, il n'y a pas de danger immédiat que les Canadiens de Montréal quittent le Québec.
- La position du gouvernement du Québec consiste à dire que la situation des équipes de la LNH est différente d'une province à l'autre et qu'il compte donc constituer son propre dossier sur le cas des Canadiens de Montréal. Il prévoit consulter la Ville de Montréal et l'équipe au cours de la fin de l'été et de l'automne, cette année, pour déterminer si une solution peut être trouvée avec la province.
- Le gouvernement du Québec prévoit concentrer ses efforts sur l'aide qu'il donnera aux Canadiens de Montréal, en coopération avec la Ville de Montréal et l'équipe elle-même. Il a aussi l'impression d'avoir du temps à consacrer à l'élaboration d'un dossier sur ce sujet. Ceci est dû en partie au fait que, malgré la pression exercée sur les gouvernements pour qu'ils aident financièrement des équipes de l'extérieur de la province, il n'y a pas de danger immédiat que les Canadiens de Montréal quittent le Québec.

## Québec

- Le gouvernement se dit intéressé à voir ce que fait la Ligue pour réduire ses frais, en notant que même une équipe qui coûte peu comme les Oilers a obtenu des résultats relativement bons l'an dernier. On avance aussi que le partisan canadien moyen est probablement prêt à soutenir un produit concurrentiel, même s'il coûte peu, sur la glace, c'est-à-dire une équipe qui n'est pas nécessairement constituée de super-étoiles au salaire élevé.
- Les salaires des joueurs sont considérés comme l'aspect le plus important du problème auquel sont confrontées les équipes de la LNH.
- Le gouvernement se dit intéressé à voir ce que fait la Ligue pour réduire ses frais, en notant que même une équipe qui coûte peu comme les Oilers a obtenu des résultats relativement bons l'an dernier. On avance aussi que le partisan canadien moyen est probablement prêt à soutenir un produit concurrentiel, même s'il coûte peu, sur la glace, c'est-à-dire une équipe qui n'est pas nécessairement constituée de super-étoiles au salaire élevé.
- La position générale du gouvernement de l'Alberta, qui s'explique par une récente série d'échecs commerciaux très médiatisés, consiste à dire que ce n'est pas au gouvernement de gérer les entreprises. Le gouvernement voit le hockey de la LNH comme une entreprise et pense que c'est au milieu des affaires d'y voir.
- Le gouvernement de l'Alberta n'est pas en faveur de participer à une solution commune car il a premièrement réduit l'impôt provincial des équipes au plus bas niveau possible et que deuxièmement, les deux équipes basées en Alberta sont bien gérées et que c'est à la Ligue et au gouvernement fédéral d'intervenir.
- Le gouvernement de l'Alberta, qui s'explique par une récente série d'échecs commerciaux très médiatisés, consiste à dire que ce n'est pas au gouvernement de gérer les entreprises. Le gouvernement voit le hockey de la LNH comme une entreprise et pense que c'est au milieu des affaires d'y voir.

## Alberta

- Le gouvernement de la Colombie-Britannique propose que le gouvernement fédéral réduise de beaucoup le fardeau fiscal des équipes canadiennes.
- Le gouvernement croit que l'équipe restera tant que les propriétaires tirent des revenus de GM Place et s'attend à ce que ce soit la LNH et l'association des joueurs qui prennent des mesures importantes pour corriger la situation.
- Le gouvernement serait également réticent à détourner l'argent provenant des loteries sportives qui est déjà distribué ailleurs.



La présente section décrit les résultats des consultations bilatérales tenues par le Forum des politiques publiques au cours des mois de juillet et août 1999. Les résultats des consultations sont réparties en trois sections. Premièrement, les commentaires formulés par chaque intervenant sont classés en trois groupes : représentants des administrations provinciales, des administrations municipales et de la Ligue et des joueurs. Deuxièmement, on présente aussi des commentaires généraux sur la liste des options issues de la table ronde du 28 juin. Troisièmement, on passe en revue certains autres commentaires et questions qui ont surgi au cours des consultations.

## Section 1 – Consultations auprès des intervenants

### (a) Gouvernement fédéral

Les propos suivants résument les propositions pour une solution commune de la part du gouvernement fédéral.

- Le gouvernement fédéral propose que de nouvelles loteries sportives provinciales soient établies, et se déclare prêt à considérer la possibilité de contribuer la part du fédéral par rapport aux revenus aux équipes canadiennes de la LNH. (Voir la lettre de l'hon. John Manley adressée à l'hon. Ernie Eves, Annexe III. Voir aussi la discussion sur les loteries à la page 18.)
- Le gouvernement fédéral a aussi indiqué que, puisque le CRTC est une agence quasi-juridique autonome, il ne peut se prononcer sur l'acceptabilité d'une demande de la LNH pour un réseau consacré au hockey de la LNH. Par contre, la LNH est encouragée à poursuivre cette option.
- Le gouvernement a aussi réitéré sa position que sa participation exige une contribution significative de tous les intervenants à une solution commune, y inclus la LHN et l'AJLNLH.

### (b) Administrations provinciales

Le Forum des politiques publiques a consulté les six intervenants provinciaux. La présente section résume leurs commentaires.

#### Colombie-Britannique

- Même si le gouvernement provincial souhaite que les Canucks restent à Vancouver, il serait très difficile pour des politiques d'appuyer publiquement le financement du hockey professionnel, directement ou par des allègements fiscaux particuliers – surtout à cause du fait que le public perçoit les joueurs comme étant trop payés.



possible. En plus d'une autre réunion des intervenants au cours des prochaines mois, les participants font deux autres suggestions :

Premièrement, on pourrait créer un comité permanent, composé de représentants de chaque intervenant, pour veiller à ce que le dialogue amorcé le 28 juin se poursuive à long terme. Ce comité chercherait à mettre en commun l'information relative à l'évolution du climat commercial auquel est exposé le hockey canadien et à servir de forum permanent pour recevoir des commentaires sur les différentes solutions envisagées pour corriger la situation actuelle.

Deuxièmement, une série de réunions bilatérales pourraient être facilitées entre les équipes et les divers ordres de gouvernement, pour que toute solution commune prenne en compte les différents facteurs influant sur le climat commercial auquel est exposée chaque équipe. On note, par exemple, que les problèmes auxquels sont confrontées les équipes de l'Ontario sont très différents de ceux auxquels font face les équipes de l'Alberta, et de telles discussions bilatérales seraient très utiles pour tenir compte de ces différences.

Comme on l'a mentionné ci-haut, cette brève liste résume les options discutées en table ronde. On n'y précise pas, le plus souvent, le rôle des différents intervenants dans chaque option. On cherche plutôt à orienter de manière générale une discussion plus approfondie entre les différents intervenant et à établir une ligne de base en vue de l'élaboration de solutions communes.

#### *Résultats de la table ronde du 28 juin*

À la fin de la table ronde du 28 juin, les participants ont convenu qu'une étude plus poussée était nécessaire pour déterminer si des efforts concertés de la part des différents intervenants permettraient de corriger la situation actuelle et dans quelle mesure une solution commune à laquelle participeraient tous les intervenants est possible.

On a recommandé que le Forum des politiques publiques entreprenne cette tâche en entretenant le dialogue entre les intervenants sous forme de consultations bilatérales. On a également demandé au Forum des politiques publiques de susciter de la part des différents intervenants de nouvelles idées quant à l'élaboration d'une solution commune.

Les participants ont aussi convenu qu'une deuxième table ronde des intervenants devrait avoir lieu après les consultations bilatérales pour discuter et décider des étapes à suivre en vue de la mise en œuvre d'une solution commune.



provinces, mais très tôt, cette action a été jugée impossible. Pour améliorer le climat commercial auquel sont exposées les équipes de la LNH au Canada, on a alors proposé de revoir le cadre juridique en vue de déterminer si des ajustements pourraient s'appliquer aux activités sportives en vertu des lois sur la propriété intellectuelle.

● **Mécanisme de collaboration sportive :** On a recommandé qu'un mécanisme gouvernemental indépendant soit instauré pour aider les intervenants, notamment les divers paliers de gouvernement, les organisations du secteur privé et autres, à créer des partenariats pour appuyer le développement du sport professionnel et amateur au Canada. Cette recommandation correspond à celle du rapport sur le *Sport au Canada*, qui réclamait qu'un tel mécanisme régisse les programmes gouvernementaux liés au sport, qu'il permette de mobiliser la participation du secteur privé en partenariat avec le secteur public, qu'il réagisse aux plus vastes priorités sociales du gouvernement, tout en étant responsable de l'attribution de fonds publics. Un participant a noté que Téléfilm Canada pourrait servir de modèle à un mécanisme de ce genre. Une telle mesure permettrait aussi de veiller à ce que les solutions envisagées pour améliorer le climat commercial auquel est exposé le sport professionnel soient adaptées aux besoins et paramètres locaux.

● **Droits de télévision :** La possibilité d'un réseau entièrement consacré au hockey au Canada, pour accroître, par voie électronique, l'auditoire des parties et les revenus provenant de la publicité pour les équipes canadiennes de la LNH a été signalée par un participant comme étant une option. Il faut reconnaître qu'une demande portant sur un tel réseau a été présentée au Conseil de la radiodiffusion et des télécommunications canadiennes (CRTC) au début de la décennie, mais qu'elle avait été refusée. En même temps, la LNH a signé un certain nombre d'ententes de diffusion à long terme des parties de hockey avec divers réseaux de télévision canadiens et américains; si un nouveau réseau devait être créé, ces ententes devraient être prises en compte. On a toutefois recommandé que cette option reste ouverte et que la faisabilité de la création d'un tel réseau soit étudiée de manière plus approfondie, lorsque les ententes de télédiffusion seront échues ou devront être renouvelées.

● **Programmes de la LNH :** Les programmes mis en œuvre par la LNH pour aider les équipes canadiennes visant les marchés à faible densité ont suscité beaucoup d'intérêt lors de la table ronde, particulièrement à la lumière des difficultés causées par le taux de change. Compte tenu du succès relatif de ces programmes et des régimes de partage des revenus existant dans d'autres ligues professionnelles, on propose d'étudier de manière plus approfondie comment les élargir.

● **Souvenirs commémoratifs :** D'après un participant, il reste une source de revenus qui n'a pas encore été exploitée, à savoir les souvenirs commémoratifs, comme les pièces de monnaie et les timbres, qui pourraient être émis régulièrement et vendus au Canada et à l'étranger. On propose d'étudier le cadre réglementaire de Postes Canada et de la Monnaie canadienne pour déterminer si cette option est réalisable et quel type d'entente serait exigée des joueurs, des équipes et de l'ALNH.

● **Réunion régulière des intervenants :** On recommande fortement que les moyens qui permettront d'assurer la continuité du dialogue entre les intervenants soient établis le plus tôt



Une enquête serait nécessaire pour déterminer ce qui se produirait si le hockey professionnel était considéré comme un secteur distinct au Canada et si on examinait le cadre commercial fédéral à l'intérieur duquel il fonctionne. Il existe un certain nombre de précédents dans l'industrie au Canada, ce qui permettrait de faire des comparaisons utiles. Par exemple, les personnes ayant participé à la table ronde ont comparé l'industrie cinématographique et le sport professionnel au Canada et signalé que l'industrie cinématographique bénéficie d'un appui considérable de la part du secteur public. Malgré certaines protestations récentes de la part des entreprises cinématographiques américaines, il est possible de faire un parallèle intéressant entre l'industrie cinématographique et le hockey professionnel au Canada.

- **Fiscalité :** On note qu'une grande partie du fardeau fiscal imposé à plusieurs des équipes canadiennes est due aux impôts provinciaux et municipaux. Il s'agit des impôts sur l'infrastructure, des impôts fonciers et, en Ontario, de la taxe de divertissement perçue en raison du volet international de la LNH. On a comparé la LNH et d'autres secteurs canadiens, comme la production cinématographique, pour laquelle les entreprises et les acteurs étrangers reçoivent des encouragements fiscaux substantiels pour produire des films au Canada.
- Les participants ont proposé que soit entrepris un examen de l'impôt provincial de manière à ce qu'on puisse trouver des moyens de réduire ce fardeau. On a également proposé que soit entreprise une étude des impôts fonciers qui permettrait d'envisager des réductions éventuelles. Les participants ont toutefois noté que les municipalités devaient obéir à la réglementation provinciale en matière de fiscalité et qu'elles seraient donc plus limitées dans leur capacité de modifier la structure fiscale auquel sont assujetties les organisations de sport professionnel. On pourrait étudier également cet aspect de la fiscalité municipale.

- **Loteries sportives :** En se fondant sur les conclusions du rapport du sous-comité sur l'étude du sport au Canada (Le sport au Canada : Leadership, partenariat et responsabilité), un certain nombre de participants ont recommandé que des mesures soient prises pour redistribuer une part des revenus provenant des loteries sportives dans les provinces. On note que les loteries associées aux parties de la LNH génèrent jusqu'à 55 millions de dollars nets chaque année pour toutes les provinces associées à des loteries sportives, sans que la Ligue ni les équipes en tirent quoi que soit. Un certain nombre de participants ont noté que si la Ligue et les équipes participaient à la promotion de l'image de marque et à d'autres aspects du marketing, il serait possible d'augmenter les revenus dont une part pourrait ainsi être consacrée à l'accroissement des revenus pour les équipes de la LNH.

- **Loi sur le droit d'auteur et la propriété intellectuelle :** Les lois canadiennes portant sur le droit de propriété intellectuelle ne s'appliquent pas à la situation des équipes de la LNH ni aux loteries sportives. Un participant a noté que les équipes n'ont pas de recours légal pour obtenir la redistribution des fonds des loteries sportives ni pour veiller à ce que des redevances leur soient versées pour les parts pris sur les parties de la LNH. La LNH a dans le passé examiné la loi pour déterminer si elle pouvait justifier une telle action contre les



Les participants ont fait part au groupe de deux programmes mis en œuvre au Canada dans le milieu du hockey et qui visent à assurer la viabilité de certaines des équipes situées dans des marchés canadiens à faible densité.

- **Ententes relatives à l'emplacement :** En plus d'un certain nombre d'exemptions fiscales accordées à deux des six équipes canadiennes, la Ville d'Edmonton a conclu une entente relative à l'emplacement avec son équipe, les Oilers. En vertu de cette entente, la ville versera une somme destinée à l'exploitation de l'équipe et à l'entretien du bâtiment et l'équipe bénéficiera à signé une entente dans laquelle elle s'engage à ne pas quitter la ville pendant la période visée. Les Oilers et la Ville d'Edmonton sont aussi liés par la renégociation du contrat avant la fin de l'entente, dans le but de conclure une nouvelle entente.
- **Régimes de la Ligue :** La LNH a mis en œuvre deux programmes pour aider les équipes situées dans des marchés à faible densité à compenser certaines difficultés commerciales. Premièrement, le régime d'aide supplémentaire en devise s'adresse aux effets les plus sérieux de l'écart du taux de change entre les devises canadiennes et américaines. Ce régime, auquel contribuent toutes les équipes de la LNH, vise à soutenir les équipes canadiennes visant des marchés à faible densité sous forme d'un complètement, particulièrement dans le cas de l'échange de joueurs; on estime que ce régime coûte actuellement un peu plus de 7,5 millions de dollars US. Deuxièmement, le régime de péréquation du groupe II a été mis en œuvre à une occasion au cours des dernières années pour contribuer à alléger le fardeau des équipes des marchés à faible densité. Pour être admissibles à ces programmes, les équipes doivent prouver que leur administration financière est solide. De plus, elles ne sont plus admissibles lorsque leurs revenus atteignent les percentiles supérieurs des revenus des équipes de l'ensemble de la ligue. Pour le moment, on estime que ces deux régimes combinés ont soutenu quatre des six équipes canadiennes à raison de 12,7 millions de dollars CAN par année.

### Section III – Options

Pendant le reste de la discussion en table ronde, les participants ont avancé des idées qui pourraient aider les six équipes à rester financièrement viables au Canada et concurrentielles dans la LNH. Dans la présente section, on documente chacune de ces options pour soutenir le dialogue entre les différents intervenants et en vue de l'élaboration d'une solution commune à court et à long terme.

- **Dialogue sur le commerce international :** Compte tenu du fait que les plus importants concurrents des équipes de la LNH, sur la glace et en dehors de la glace, sont les équipes américaines, on a proposé que le gouvernement fédéral amorce des discussions avec le gouvernement américain au sujet de ce qui est souvent signalé comme un avantage commercial injuste pour les équipes de la LNH. On a recommandé que ces discussions soient axées sur l'équité des règles du jeu, compte tenu du fait qu'un certain nombre des équipes des E.-U. profitent de subventions des États ou des administrations locales pour ce qui est de l'infrastructure et des exemptions fiscales, deux mesures interdites dans le cas de la plupart des autres industries visées par l'ALENA.

américains alors que leur revenu est en dollars canadiens. La récente baisse importante de notre dollar a ainsi causé de lourds dommages financiers aux six équipes de hockey canadiennes.

(c) **Fiscalité des municipalités, des États et des provinces** : Les impôts constituent une proportion importante des dépenses des équipes. Les participants ont noté que le montant des impôts fonciers et des impôts sur le capital versé par les 21 équipes américaines combinées correspond à environ un quart de ce qui est versé par les six équipes canadiennes.

Toutes les équipes canadiennes ne sont pas sujettes à ces nombreux facteurs différents dans la même mesure. Il en résulte que la viabilité économique varie de beaucoup d'une province à l'autre et d'une équipe à l'autre. Par exemple, on note que les équipes de l'Ontario et du Québec ont un fardeau fiscal beaucoup plus lourd que celles de l'Alberta et que le coût de la location et de l'entretien des centres sportifs varie d'une ville à l'autre.

3. **Perception du public** : Les participants représentant tous les intervenants ont rapidement signalé le caractère politique de cette question, mais à partir de deux perspectives différentes. D'un côté, la connotation des « cadeaux faits à des joueurs et à des propriétaires millionnaires » reste l'un des plus grands obstacles à une participation du gouvernement à l'élaboration d'une solution commune. Pour s'assurer de traiter l'ensemble de la question, il faudra deux éléments de base :

(a) **Communication ouverte** : Comme l'ont noté un certain nombre de participants, il est particulièrement important que les parties mettent en commun librement et régulièrement toute l'information liée au problème. Ce type d'information va des états financiers aux résultats des réunions qui auront lieu sur cette question entre les différents intervenants.

(b) **Consultation ininterrompue** : Il est clair que la complexité de la situation exigera d'autres consultations entre les intervenants, qu'elles soient bilatérales ou multilatérales, et peut-être une autre table ronde, comme celle qui a eu lieu le 28 juin. Les rapports provisoires doivent également être mis à la disposition des intervenants, de façon à ce qu'ils aient chacun la même information lorsqu'ils assisteront aux consultations futures et à ce qu'ils soient adéquatement représentés.

Par ailleurs, on a signalé pendant la réunion que le départ d'au moins deux équipes de la LNH du Canada au cours des prochaines années donnerait lieu à un scénario encore plus troublant. Deux points importants ont fait l'objet d'un solide consensus :

(a) **Solution commune** : En raison du caractère politique de cette question, il faut que la solution mette à contribution tous les intervenants et que les rôles et responsabilités de chaque intervenant soient clairs pour le public, dès le début.

(b) **Communication** : Il est de la plus haute importance que les communications futures concernant les solutions qui pourraient être adoptées montrent clairement que chaque partie a collaboré à son élaboration et que chacune a pris et donné un peu pour conserver les équipes de la LNH au Canada.

(c) **Importance économique** : Les participants ont noté qu'un certain nombre d'avantages découlent de la présence des équipes de la LNH au Canada. Les principaux avantages signalés lors de la table ronde et des présentations des intervenants sont les suivants :

- (i) **Emploi** : Environ 11 000 Canadiens travaillent à temps plein ou à temps partiel, directement ou indirectement, grâce à des équipes de la LNH.
- (ii) **Investissement local** : Les municipalités profitent de l'investissement des équipes de la LNH; on signale, par exemple que les six équipes canadiennes ont généré environ 1 milliard de dollars d'investissement dans l'infrastructure depuis dix ans.
- (iii) **Recettes publiques** : On estime que les activités des six équipes de la LNH génèrent plus de 200 millions de dollars par année en impôt perçu par ou pour le compte de différents paliers de gouvernement, p. ex. impôt sur le revenu, impôt foncier et taxe de divertissement.
- (iv) **Autres impacts** : Un certain nombre de représentants municipaux ont noté que l'impact d'une équipe sur la réputation des villes – tant à l'échelle nationale qu'à l'échelle internationale – est majeur et que les équipes peuvent être considérées comme une source de prestige international pour leur ville d'attache.

2. **Défi multiple** : Bien que cinq des six équipes canadiennes de la LNH fonctionnent à des niveaux financiers que la Ligue a jugé insoutenables, il est tout à fait clair, d'après les discussions, que cette situation résulte d'une combinaison de facteurs plutôt que d'un seul problème. La nature des difficultés auxquelles font face les équipes canadiennes est telle qu'aucune solution unique ne permettra d'y remédier à long terme.

Le fait que ces organisations relèvent de plusieurs administrations rend encore plus difficile l'élaboration d'une solution nationale commune. La survie des équipes canadiennes dépendra en grande partie d'une solution commune et souple qui permettrait de rendre les règles du jeu équitables par rapport à celles dont profitent les équipes américaines. Il faudra aussi disposer d'approches variées pour mettre en œuvre des solutions visant à corriger la situation à court terme, à moyen terme et à long terme.

Voici un liste des principales sources de tension qui influent sur la viabilité économique des équipes canadiennes, telles qu'elles ont été décrites dans les remarques préliminaires.

(a) **Coût de l'infrastructure** : Quatre des six équipes canadiennes ont elles-mêmes financé la construction de nouveaux centres sportifs depuis dix ans. Or, la plupart des équipes américaines profitent de ce que les propriétaires canadiens considèrent un « avantage injuste » puisque l'infrastructure de ces centres est lourdement subventionnée avec des fonds publics à de nombreux endroits.

(b) **Déséquilibre entre les recettes et les dépenses à cause du taux de change** : La faiblesse relative du dollar canadien désavantage d'environ 35 p. 100 les équipes canadiennes par rapport aux équipes américaines. Cet écart provient en particulier du fait que les revenus des équipes sont principalement en dollars canadiens alors que les salaires des joueurs sont versés en devises américaines. Le hockey professionnel compte parmi les entreprises relativement peu nombreuses au Canada, tout comme le baseball et le basketball professionnels, qui doivent payer la plupart de leurs dépenses en dollars





M. Johnston a invité les participants à présenter leurs remarques préliminaires et à faire part au groupe de leurs perspectives sur la situation actuelle du hockey de la LNH au Canada.

Les déclarations préliminaires ont montré une certaine homogénéité de l'opinion selon laquelle le hockey joue un rôle particulier dans la vie des Canadiens. Dans ces déclarations, on reconnaissait toutefois que la viabilité de la LNH au Canada repose sur une série complexe de questions qui ont des répercussions à la fois sur le gouvernement et sur les représentants d'entreprises. Trois thèmes généraux se sont dégagés au cours de cette partie de la table ronde :

**1. Impact du hockey :** Les participants ont noté que le hockey joue un rôle important dans la société canadienne.

**(a) Importance historique et culturelle :** Toutes les parties ont admis que le hockey – et le hockey professionnel – a joué un grand rôle dans l'histoire du Canada. Dans une des déclarations préliminaires, on a signalé que tous ceux qui participaient à la table ronde se souvenaient sans doute où ils étaient et ce qu'ils faisaient lorsque Paul Henderson a marqué le but gagnant de la dernière partie du tournoi Canada-URSS en 1972.

Le participants n'ont pas tardé à déduire le corollaire du principe selon lequel le « hockey fait partie intégrante de la mentalité canadienne », à savoir que le *Canada* fait aussi partie intégrante de la mentalité de la LNH. En effet, près des deux tiers des joueurs de la LNH sont aujourd'hui d'origine canadienne, bien qu'une grande proportion des équipes soient basées aux États-Unis. De plus, les partisans des équipes canadiennes sont presque aussi nombreux que ceux des équipes américaines, malgré la grande différence au niveau des populations.

**(b) Impact sur la communauté :** L'impact du hockey professionnel sur les communautés où jouent les équipes de la LNH est difficile à mesurer. Par ailleurs, les équipes participent à des initiatives locales, par exemple à des programmes et à des camps sportifs pour les jeunes, et elles permettent souvent de recueillir des dons destinés à diverses causes sociales. Par ailleurs, un certain nombre de participants se sont dits préoccupés par le fait que l'impact de la LNH sur la qualité de vie au Canada a tendance à être amplifiée par la grande place que prend la Ligue dans les médias : la Ligue et les propriétaires ne manquent jamais de mentionner le nombre de programmes communautaires auxquels participent les équipes et les joueurs, mais les médias exagèrent souvent les contributions que font les équipes aux programmes destinés aux jeunes et à d'autres initiatives communautaires.

D'après un participant, si le gouvernement tentait de subventionner les équipes de la LNH, une multitude de groupes d'intérêt public viendraient trapper à sa porte. On propose une étude plus poussée de l'impact réel des équipes sur les communautés où elles se trouvent avant que ne soit envisagée une solution commune quelconque et la coopération des intervenants.



Le 28 juin 1999, le Forum des politiques publiques a tenu une table ronde à l'initiative de l'honorable John Manley, ministre d'Industrie Canada, pour discuter de l'avenir des équipes de la ligue nationale de hockey (LNH) au Canada. Des représentants du gouvernement fédéral, des quatre provinces où se trouvent actuellement des équipes de la LNH (Québec, Ontario, Alberta, Colombie-Britannique), des villes où jouent ces équipes (Montréal, Kanata/Municipalité régionale d'Ottawa-Carleton, Toronto, Calgary, Edmonton, Vancouver), des six équipes canadiennes (Canadiens de Montréal, Maple Leafs de Toronto, Sénateurs d'Ottawa, Flames de Calgary, Oilers d'Edmonton, Canucks de Vancouver), de l'Association des joueurs de la LNH (AJLNH) et de la LNH étaient présents.

La table ronde a été présidée par M. David Johnston, président de l'Université de Waterloo; toutes les discussions ont eu lieu à huis clos. La table ronde a commencé à 9 h 35 et a pris fin à 15 h 50. Après la table ronde, une conférence de presse a été donnée dans une pièce voisine, sous la direction de M. Johnston; certains représentants des intervenants ont aussi participé à la conférence de presse.

Avant la table ronde, les participants ont reçu une série de documents destinés à les aider à éclairer le dialogue pendant la réunion. Ces documents contenaient de l'information logistique relative à la rencontre, un document de travail préparé par le Forum des politiques publiques, ainsi qu'une série de présentations provenant d'un certain nombre d'intervenants. Des dossiers ont été présentés par la Ville de Kanata, les Canadiens de Montréal, les Canucks de Vancouver/Orca Bay Entertainment, les Oilers d'Edmonton et les Sénateurs d'Ottawa.

C'est lors de cette table ronde que tous les principaux intéressés des équipes de la LNH au Canada se sont réunis pour la première fois pour discuter de la question. Cette réunion visait non pas à trouver des solutions immédiates à la situation actuelle, mais plutôt à définir des facteurs et à en discuter, ainsi qu'à élaborer des plans de collaboration en vue des étapes ultérieures. La table ronde a été structurée en deux parties. Premièrement, on a demandé aux participants de présenter leur point de vue sur le climat commercial dans lequel les équipes canadiennes de la LNH sont exploitées, sur l'importance des équipes de la LNH pour l'économie canadienne et sur le rôle du hockey professionnel dans la culture et dans l'identité canadienne. Deuxièmement, on a invité les participants à cerner des solutions qui permettraient d'assurer la viabilité des équipes de la LNH au Canada et à discuter de ces solutions.

Le présent document décrit les thèmes généraux qui se sont dégagés au cours de la table ronde, ainsi qu'une liste des options proposées par des participants et qui pourraient faire l'objet de discussions plus approfondies au cours des prochains mois.

## LA LIGUE NATIONALE DE HOCKEY –

### RAPPORT SUR LE PROCESSUS DE CONSULTATION

*Aperçu*

Les pages suivantes décrivent de manière plus détaillée les résultats du processus de consultation en deux étapes entrepris par le Forum des politiques publiques pour faciliter la recherche par les intervenants d'une solution aux difficultés financières que connaissent les équipes de la Ligue nationale de hockey au Canada. Le rapport comporte trois sections.

La première section fait état des résultats de la première étape des consultations, c'est-à-dire la table ronde qui a réuni tous les intervenants à Toronto, le 28 juin 1999.

La deuxième section décrit les principaux résultats des consultations bilatérales tenues entre le Forum des politiques publiques et les différents intervenants entre juillet et septembre 1999.

La troisième section énonce en détail les observations du Forum des politiques publiques, basées sur les résultats des deux étapes du processus de consultation.

L'annexe I contient le document de discussion distribué par le Forum des politiques publiques aux participants, avant la table ronde du 28 juin.

L'annexe II contient une liste des intervenants ayant participé à la table ronde.

L'annexe III contient des copies de divers documents mis en échange parmi certains des intervenants au cours de la période des consultations bilatérales et multilatérales.



4. L'intervenant en question ne souhaite pas participer à une solution commune, mais pourra choisir d'agir indépendamment.

- Cette réponse a été donnée par le gouvernement du Québec.

Pour le moment, le Forum sur les politiques publiques est d'avis que les éléments d'une *solution commune* constituée des contributions de tous les principaux intervenants pour assurer la viabilité économique future des six équipes canadiennes existantes ne peuvent être obtenus à partir des contributions actuelles. Les discussions et l'entente sur cette *solution commune* devaient servir de base à une deuxième réunion des intervenants. Compte tenu de la diversité des réponses susmentionnées, données par les principaux intervenants lors des consultations bilatérales, le Forum des politiques publiques juge inutile la tenue d'une deuxième table ronde réunissant les intervenants.



avait tenu des consultations auprès de représentants de toutes les parties, sauf ceux de la Ville de Montréal.

Depuis la mi-septembre, il y a eu un échange de lettres entre certains des intervenants – notamment le gouvernement de l'Ontario et le gouvernement fédéral – concernant les contributions possibles de chacun envers une solution commune. Ainsi, le gouvernement de l'Ontario a exprimé son désaccord avec l'option des loteries sportives comme faisant partie de la solution et a signalé plutôt que l'appui aux équipes de hockey de la LNH en Ontario pourrait prendre la forme de la réduction des impôts fonciers. Par contre, le gouvernement fédéral a proposé que l'option des nouvelles loteries sportives directement reliées aux équipes canadiennes de la LNH était l'option la plus réalisable. De plus, la Municipalité régionale d'Ottawa-Carleton a écrit au gouvernement de l'Ontario pour prêter son appui en faveur de l'option de la réduction des impôts fonciers.

### Observations sur les résultats des consultations

Le but sous-jacent des consultations bilatérales était de déterminer s'il était possible que les différents intervenants corrigent conjointement la situation actuelle et de déterminer la faisabilité d'une *solution commune*. Ainsi, une *solution commune* exigerait que tous les intervenants contribuent directement pour aider toutes les équipes canadiennes à surmonter leurs difficultés financières actuelles. Bien que ce concept n'exige pas explicitement un partage égal du fardeau entre toutes les parties, il faudrait que chacun des principaux intervenants convienne d'offrir une aide équitable et substantielle pour assurer l'avenir des équipes de la LNH au Canada. Jusqu'à présent, chacune des parties consultées a donné au Forum des politiques publiques sa réponse sur son rôle ou sa contribution par rapport à une éventuelle solution commune. L'analyse des consultations permet d'établir quatre catégories de réponses :

1. L'intervenant en question reconnaît le problème, mais pense que la solution est entre les mains d'autres parties.

- Cette réponse a été donnée par le gouvernement de la Colombie-Britannique, les villes de Toronto et de Vancouver et par l'ALNH.

2. L'intervenant en question pense qu'il a déjà fait sa part, qu'il continuera à faire sa part, mais qu'il n'est en mesure d'offrir aucune contribution supplémentaire directe.

- Cette réponse a été donnée par le gouvernement de l'Alberta, les villes d'Edmonton et de Calgary et par la Ligue nationale de hockey.

3. L'intervenant en question pense que le problème justifie une intervention et il contribuera à sa résolution à condition que toutes les parties fassent de même.

- Cette réponse a été donnée par le gouvernement fédéral, le gouvernement de l'Ontario, la ville de Kanata et la Municipalité régionale d'Ottawa-Carleton.





# LA LIGUE NATIONALE DE HOCKEY AU CANADA – SOMMAIRE À L'INTENTION DE LA DIRECTION

## Contexte

Le présent document décrit le résultat des consultations réalisées auprès des parties intéressées à l'avenir des équipes de la Ligue nationale de hockey (LNH) au Canada, par le Forum des politiques publiques. Le secteur public était représenté par Industrie Canada, par chacune des provinces où jouent actuellement des équipes de la LNH (Québec, Ontario, Alberta, Colombie-Britannique), ainsi que par les municipalités concernées (Montréal, Kanata/Municipalité régionale d'Ottawa-Carleton, Toronto, Calgary, Edmonton, Vancouver). Les autres intervenants étaient les équipes elles-mêmes (Canadiens de Montréal, Sénateurs d'Ottawa, Maple Leafs de Toronto, Flames de Calgary, Oilers d'Edmonton, Canucks de Vancouver), l'administration de la Ligue nationale de hockey et l'Association des joueurs de la Ligue nationale de hockey (ALNH).

Le ministère de l'Industrie du Canada a convoqué en juin 1999 le Forum des politiques publiques, en réponse à l'appel lancé par les équipes canadiennes de la LNH à l'honorable John Manley, ministre d'Industrie Canada, au sujet d'une aide qui assurerait leur viabilité économique. Le Forum des politiques publiques est une organisation nationale, sans but lucratif, non partisane, qui vise à améliorer au Canada la qualité du gouvernement grâce à un dialogue amélioré entre le secteur public, le secteur privé et le secteur communautaire. Le rôle du Forum des politiques publiques était donc d'amorcer un dialogue éclairé entre toutes les parties intéressées et de le poursuivre tout au long du processus, dans l'espoir que les intervenants puissent s'entendre sur une solution commune.

Au début du processus, il a été décidé que les consultations prendraient d'abord la forme d'une table ronde, le 28 juin, où pour la première fois, tous les intervenants se réuniraient pour discuter de la question. Au cours de la table ronde, les participants ont défini et traité diverses options qui pourraient les aider à améliorer la situation financière des équipes canadiennes de la LNH. À la fin des discussions en table ronde, tous les intervenants se sont généralement dits d'accord pour étudier de manière plus approfondie la notion de *solution commune*. Il a été recommandé que des consultations se poursuivent sous la forme de discussions bilatérales entre le Forum des politiques publiques et chaque intervenant. Les résultats de ces discussions bilatérales devaient faire l'objet de discussions lors de la deuxième table ronde, en vue d'un accord sur les étapes de la mise en œuvre.

Entre juillet et septembre 1999, le Forum des politiques publiques a entrepris la deuxième étape du processus. Des discussions bilatérales ont eu lieu entre des représentants du Forum des politiques publiques et chacun des intervenants. Au cours de ces séances, on a sondé les intervenants pour connaître leur point de vue sur les diverses options discutées lors de la table ronde du 28 juin, les autres options qui selon eux seraient également utiles, et comment les instances dont ils relèvent pourraient à leur tour contribuer à une solution commune. Les représentants du Forum ont aussi cherché à mieux comprendre les pressions exercées sur les intervenants aux différents paliers. À la mi-septembre 1999, le Forum des politiques publiques





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Le 18 octobre 1999

L'honorable John Manley, c.p., député  
Ottawa Sud (Ont.), ministre de l'Industrie du Canada  
Chambre des communes  
Pièce 607, Édifice de la Confédération  
Ottawa (ON) K1A 0A6

Monsieur le Ministre,

J'ai le plaisir de vous présenter notre rapport au sujet de nos démarches concernant la question de la viabilité financière des six équipes de la Ligue nationale de hockey qui restent au Canada.

Comme vous vous le rappellerez, le mandat du Forum des politiques publiques consiste à faciliter les discussions entre les différents intervenants du milieu canadien du hockey de la LNH et à déterminer dans quelle mesure les intervenants sont prêts à participer à une solution commune pour assurer une solide présence de la LNH au Canada.

Au cours de l'été 1999, le Forum des politiques publiques a entrepris deux consultations auprès du groupe des intervenants. Premièrement, tous les intervenants se sont réunis le 28 juin pour déterminer dans quelle mesure ils étaient prêts à participer à une solution commune et pour présenter des options éventuelles en vue d'une telle solution. Deuxièmement, le Forum des politiques publiques a entrepris une série de discussions bilatérales auprès des intervenants pour entretenir le dialogue entre eux et pour les inciter à présenter de nouvelles idées quant à l'élaboration d'une solution commune.

Le présent rapport englobe les résultats de plus de 50 consultations bilatérales et multilatérales réalisées auprès des intervenants, et il décrit les points de vue de chacun sur leur rôle éventuel dans une solution commune. Nous sommes persuadés que l'information qu'il contient aidera le gouvernement fédéral à déterminer quel est son propre rôle dans une telle solution partagée.

Veuillez agréer, Monsieur le Ministre, l'expression de mes sentiments distingués.

Le président,

David Zussman



LA LIGUE NATIONALE DE HOCKEY AU  
CANADA

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